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Fifty-ninth session
Agenda item 83

Macroeconomic policy questions

Report of the Second Committee*

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

1. At its 2nd plenary meeting, on 17 September 2004, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-ninth session the item entitled:

"Macroeconomic policy questions:

"(a) International trade and development;

"(b) International financial system and development;

"(c) External debt crisis and development;

"(d) Commodities"

and to allocate it to the Second Committee.

2. The Second Committee held a substantive debate jointly on sub-items (b) and (c) at its 8th and 9th meetings, on 12 October, and on sub-items (a) and (d) at its 22nd to 24th meetings, on 2 and 3 November 2004. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/59/SR.8, 9 and 22-24). Attention is also drawn to the general debate held by the Committee at its 2nd to 8th meetings, from 4 to 6 and 12 October (see A/C.2/59/SR.2-8). An account of the Committee's further consideration of the item will be given in the addenda to the present report, as follows:

* The report of the Committee on this item will be issued in five parts, under the symbol A/59/481 and Add.1-4.

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Sub-item	*Addendum*
(a)	1
(b)	2
(c)	3
(d)	4

3. For its consideration of the item, the Committee had before it the following documents:

Item 83
Macroeconomic policy questions

Note by the Secretary-General of the United Nations transmitting the report of the Secretary-General of the International Telecommunication Union on the first phase and progress in the preparations for the second phase of the World Summit on the Information Society (A/59/80-E/2004/61 and Corr.1)

Letter dated 15 July 2004 from the Permanent Representatives of Canada and Mexico to the United Nations addressed to the Secretary-General (A/59/155-E/2004/96)

(a) International trade and development

Reports of the Trade and Development Board on its thirty-third, thirty-fourth and thirty-fifth executive sessions (A/59/15 (Parts I, II and IV)), its twenty-first special session (ibid. (Part III) and its fifty-first regular session (ibid. (Part V))[1]

Report of the Secretary-General on international trade and development (A/59/305)

Note by the Secretary-General transmitting the report of the United Nations Conference on Trade and Development on its eleventh session (A/59/369)

(b) International financial system and development

Report of the Secretary-General on the international financial system and development (A/59/218 and Corr.1)

(c) External debt crisis and development

Report of the Secretary-General on the external debt crisis and development (A/59/219)

(d) Commodities

Report of the Secretary-General on world commodity trends and prospects (A/59/304)

[1] To be issued as *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 15* (A/59/15).

4. At the 8th meeting, on 12 October, introductory statements were made by the Chief of the Policy Analysis and Development Branch of the Financing for Development Office of the Department of Economic and Social Affairs and the Director of Management of the United Nations Conference on Trade and Development, under sub-items (b) and (c) (see A/C.2/59/SR.8).

5. At the 22nd meeting, on 2 November, introductory statements were made by the Vice-President of the Trade and Development Board and the Officer-in-Charge of the United Nations Conference on Trade and Development, under sub-items (a) and (d) (see A/C.2/59/SR.22).

6. At the 8th and 23rd meetings, the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States made statements (see A/C.2/59/SR.8 and 23).

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Fifty-ninth session
Agenda item 83 (a)

Macroeconomic policy questions: international trade and development

Report of the Second Committee*

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 83 (a) (see A/59/481, para. 2). Action on sub-item (a) was taken at the 22nd to 24th, 31st, 40th and 41st meetings, on 2, 3 and 10 November and 16 and 17 December 2004. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/59/SR.22-24, 31, 40 and 41).

II. Consideration of proposals

A. Draft resolution A/C.2/59/L.25 and Rev.1

2. At the 31st meeting, on 10 November, the representative of Qatar, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/59/L.25), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002 and 58/197 of 23 December 2003 on international trade and development,
>
> "*Recalling also* the provisions of the United Nations Millennium Declaration pertaining to trade and related development issues, as well as the outcomes of the International Conference on Financing for Development, held

* The report of the Committee on this item will be issued in five parts, under the symbol A/59/481 and Add.1-4.

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in Monterrey, Mexico, from 18 to 22 March 2002 and the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002,

"*Recalling further* its resolutions 57/250 of 20 December 2002 and 57/270 B of 23 June 2003, in which it invited the United Nations Conference on Trade and Development, as well as the Trade and Development Board, to contribute, within its mandate, to the implementation and to the review of the progress made in the implementation of the outcomes of the major United Nations conferences and summits and invited the President of the Trade and Development Board to present the outcomes of such reviews to the Economic and Social Council,

"*Considering* that an open, transparent, multilateral and equitable international trading system can lead to the increased participation of developing countries, especially the least developed countries, therefore contributing to the generation of resources that will assist in the achievement of the Millennium Development Goals, including in the fight against hunger and poverty,

"*Reaffirming* the role of the United Nations Conference on Trade and Development as focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development,

"*Recalling* that, to benefit fully from trade, which in many cases is the single most important external source of development financing, the establishment and the enhancement of appropriate institutions and policies in developing countries, as well as in countries with economies in transition, are needed and that, in this context, enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes for developing countries also play an important role,

"*Bearing in mind* the special needs of the least developed countries, the small island developing States and the landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, as provided, respectively, in the Brussels Programme of Action, the Barbados Programme of Action and the Almaty Programme of Action,

"*Noting* with concern that a large number of countries, in particular the least developed countries and commodity-dependent countries, continue to remain marginalized in the international trading system and are vulnerable to external shocks,

"*Reaffirming* that agriculture remains a fundamental and key sector for the overwhelming majority of developing countries, and stresses the importance of the successful conclusion of the Doha work programme in this regard,

"*Reaffirming also* the need, subject to national legislation, to respect, preserve and maintain the knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity, to promote their wider

application with the approval and involvement of the holders of such knowledge, innovations and practices and to encourage the equitable sharing of the benefits arising from the utilization of such knowledge, innovations and practices,

"*Taking note* of the in-depth review undertaken by the Trade and Development Board at its fifty-first session of developments and issues in the post-Doha work programme of particular concern to developing countries following the eleventh session of the United Nations Conference on Trade and Development, and its contribution to an understanding of the actions required to help developing countries integrate, in a beneficial and meaningful manner, into the multilateral trading system and the global economy and to achieve a balanced, development-oriented and successful conclusion of the Doha negotiations,

"1. *Takes note* of the report of the Trade and Development Board and the report of the Secretary-General;

"2. *Welcomes* the outcome of the eleventh session of the United Nations Conference on Trade and Development, convened from 13 to 18 June 2004 in São Paulo, Brazil, and the adoption of The Spirit of São Paulo and the São Paulo Consensus, which, building upon the Plan of Action adopted at its tenth session, held in Bangkok from 12 to 19 February 2000, reaffirm the continued commitment of the international community to supporting the United Nations Conference on Trade and Development in fulfilling its strengthened mandate and role as a forum for intergovernmental policy dialogue and consensus-building on trade and development;

"3. *Notes* that the outcome documents of the eleventh session of the United Nations Conference on Trade and Development emphasized the importance for all countries of enhancing coherence between national development strategies and global economic processes towards economic growth and development, in particular of developing countries, and, in that context, reinforced the consensus that trade is not an end in itself but a means to growth and development and that the international trading system and trade negotiations must assure development gains;

"4. *Reaffirms* the fundamental importance of, and its commitment to, achieving the objectives set out in the United Nations Millennium Declaration, as reaffirmed in the São Paulo Consensus, of upholding and safeguarding a universal, open, equitable, rule-based, predictable and non-discriminatory multilateral trading system in pursuit of sustained economic growth, sustainable development and poverty eradication;

"5. *Stresses* the importance of striving for equity and justice in the achievement of the Millennium Development Goals by addressing asymmetries in benefits and costs arising from multilateral rules and commitments through effective implementation of existing commitments, transfer of resources to developing countries and addressing their specific development concerns as identified in paragraph 68 of the São Paulo Consensus;

"6. *Underscores* that it is particularly important for developing countries, bearing in mind development goals and objectives, that all countries

take into account the need for an appropriate balance between national policy space and international disciplines and commitments, and stresses the need to provide policy space to the developing countries in formulating and executing their national economic policies;

"7. *Stresses* the importance of enhancing South-South trade and cooperation in the context of an emerging new trade geography that complements North-South trade and cooperation, and welcomes the decision, adopted in June 2004, to launch the third round of the Global System of Trade Preferences among Developing Countries;

"8. *Emphasizes* the importance of developing human, institutional, regulatory and research and development capacities and infrastructures aimed at enhanced supply-side capacity and competitiveness, as well as ensuring conducive international policy frameworks and supportive measures for the full and beneficial integration of developing countries into the international trading system;

"9. *Reaffirms* the commitment made at the Fourth Ministerial Conference of the World Trade Organization, held in Doha from 9 to 14 November 2001, to place development at the heart of the Doha work programme and to undertake concrete positive steps to ensure that developing countries, especially the least developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development;

"10. *Emphasizes* the importance of rejecting the use of protectionism in the light of growing protectionist tendencies, and stresses the importance of strengthening multilateralism in the face of unilateralism and security measures, which have a considerable negative impact on trade flows from developing countries, the ongoing negotiations of the World Trade Organization and the achievement and further enhancement of the development dimension of the trade negotiations;

"11. *Stresses* the importance of open, transparent, inclusive, democratic and more orderly processes and procedures for the effective functioning of the multilateral trading system, including in the decision-making process, so as to enable developing countries to have their interests fully reflected in the outcome of trade negotiations;

"12. *Welcomes* in this regard, the adoption by the General Council of the World Trade Organization of its decision of 1 August 2004 on frameworks for further negotiations, which reaffirms the value of multilateralism, re-establishes the viability of the Doha negotiations reconfirms the centrality of development concerns and allows the members of the World Trade Organization to re-engage and move forward in the negotiations;

"13. *Stresses* the need to develop the frameworks outlined in the above-mentioned decision of the General Council of the World Trade Organization in an inclusive and transparent manner into concrete, detailed and specific modalities for the early conclusion of the negotiations while ensuring balance and parallelism within and between areas under negotiation so as to effectively respond to the needs and concerns of the developing countries and ensure a

fair, equitable and development-oriented outcome of the Doha work programme;

"14. *Emphasizes*, in regard to the decision of the General Council of the World Trade Organization of 1 August 2004, and consistent with the Doha work programme, the following issues of particular interest and concern to the developing countries:

"(a) Addressing effectively, comprehensively, meaningfully and expeditiously the core development issues of special and differential treatment and implementation issues and concerns of developing countries in the negotiations by July 2005, as provided for in the decision;

"(b) In the elaboration of modalities under the framework on agriculture, as contained in annex A to the decision of 1 August 2004: the adoption of an appropriate tariff reduction formula that effectively eliminates tariff peaks and tariff escalation for products of export interest to developing countries in order to achieve substantial improvement in market access; the elimination of all forms of export subsidies by a credible early date; substantial reductions in trade-distorting domestic support; incorporation of effective, operational and usable development flexibility and special and differential treatment for developing countries, such as requiring reduced tariff reduction commitments or tariff quota expansion commitments, special products and special safeguard mechanisms, in support of agriculture development, food security and livelihood and rural development; and the effective implementation of paragraph 4 of the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries;

"(c) Implementing concretely the commitment to address cotton issues ambitiously, expeditiously and specifically and in a manner that does not compromise the importance that many countries attach to speedily and substantially addressing both the trade-related and development-related aspects of the cotton initiative;

"(d) Addressing seriously the difficulties faced by commodity-dependent developing countries owing to the continuing volatility of world commodities prices, with a view to assisting such countries to restructure, diversify and strengthen the competitiveness of their commodity sectors, and in this regard welcomes the formation of an international task force on commodities by the United Nations Conference on Trade and Development;

"(e) In the elaboration of full modalities for negotiations on market access for non-agricultural products as contained in annex B to the decision of the World Trade Organization of 1 August 2004: ensuring reduction or elimination of tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries; establishing a correct formula, which is effective, simple, transparent, least costly and equitable and which incorporates special and differential treatment and less than full reciprocity within its structures; allowing the developing countries the flexibility to implement the formula; and ensuring that the modalities to be finalized fully reflect the concerns of the developing countries related to loss in tariff revenues and unemployment,

sensitivity of certain sectors and de-industrialization, accentuation of poverty and adjustment costs;

"(f) Enhancing market entry conditions for the exports of developing countries by addressing effectively non-tariff barriers arising from product standards, abusive and arbitrary application of anti-dumping measures, complex rules of origin and other trade-distorting measures;

"(g) Agreement on measures to address effectively the concerns of developing countries in respect of the erosion of preferences and the impact of liberalization on their tariff revenues, including through compensatory mechanisms;

"(h) Implementing fully, in the negotiations, on trade in services, the development provisions of the Guidelines and Procedures for the Negotiations on Trade in Services of the World Trade Organization with regard to the General Agreement on Trade in Services, including through commercially meaningful multilateral commitments on service sectors and modes of supply of export interest to developing countries, with emphasis on the liberalization of the temporary movement of natural persons under mode 4 of the General Agreement on Trade in Services, and due attention to infrastructure services, professional and all other services that can be carried out from distant locations (business process outsourcing services), including in connection with the provision of essential services;

"(i) Expediting the clarification and improvement of agreements in the areas of anti-dumping, subsidies and countervailing measures, taking into account the needs of developing countries, while preserving the basic concepts, principles and effectiveness of those agreements;

"(j) Expeditiously completing the review of the dispute settlement understanding;

"(k) The modalities on negotiations on trade facilitation, as contained in annex D of the decision of 1 August 2004, stressing that the results of the negotiations shall take into account the principle of special and differential treatment for the developing and least developed countries, recognizing that the provision of technical assistance and capacity-building is vital for developing and least developed countries in order to enable them to fully participate in and benefit from the negotiations, emphasizing that the developing and least developed countries would not be obliged to undertake investments in infrastructure beyond their means and that their trade facilitation needs and priorities would be identified and concerns related to the costs implications of proposed measures addressed in the negotiations, requesting that the developed countries commit themselves to ensuring adequate support and assistance to developing and least developed countries in the negotiations, and, also requesting that, where such support and assistance for infrastructure is not forthcoming and where the developing and least developed countries lack the necessary capacity, implementation of such infrastructure-related commitments not be required;

"15. *Emphasizes* that issues related to trade, debt and finance and transfer of technology duly covered in the Doha work programme should be urgently addressed in the negotiations, with a view to safeguarding the

multilateral trading system from the effects of financial and monetary instability and in order to enhance the sustainable development of the developing countries;

"16. *Reaffirms* the full implementation of the Agreement on Textiles and Clothing of the World Trade Organization, which provides for the complete phase-out of the Agreement on Trade in Textile Products (the 'Multi-Fibre Agreement') by 31 December 2004, and emphasizes that market access to textile exports from the developing countries should not be denied through the use of other measures or trade barriers;

"17. *Reaffirms* the need to take fully into account the development dimension of the Agreement on Trade-related Aspects of Intellectual Property Rights, and in this regard calls on the World Intellectual Property Organization to integrate development dimensions into its activities to promote effective technology transfer to developing countries and a proper balance between intellectual property norms and the respective interests of producers and users of technical knowledge;

"18. *Invites* all Member States to effectively implement the decision adopted by the General Council of the World Trade Organization on 30 August 2003 on the implementation of paragraph 6 of the Doha Declaration on the Agreement on Trade-related Aspects of Intellectual Property Rights and Public Health through the expeditious establishment of a permanent solution to the problems faced by countries with insufficient or no manufacturing capacity in the pharmaceutical sector in accessing medicines at affordable prices by, inter alia, amending the Agreement on Trade-related Aspects of Intellectual Property Rights by March 2005;

"19. *Stresses* that the adoption or enforcement of any measures necessary to protect human, animal or plant life or health should not be applied in a manner that would constitute arbitrary or unjustified discrimination or a disguised restriction on international trade, and recognizes the need to facilitate the increased participation of the developing countries in the work of relevant international standard-setting organizations as well as the importance of providing financial and technical assistance and capacity-building efforts to enable them to respond adequately to the introduction of any new measures that may have significant negative impact on trade;

"20. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization, and at the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001, in this regard calls upon developed countries that have not already done so to work towards the objective of duty-free, quota-free market access for all least developed country exports, and notes that the consideration of proposals for developing countries in a position to do so to contribute to improved market access for the least developed countries would also be helpful;

"21. *Emphasizes* the importance of the strengthening of, and the attainment of universal membership in, the World Trade Organization, and, in this context, calls for the acceleration of the accession process, without political impediments and in an expeditious and transparent manner, for

developing countries applying for membership in the World Trade Organization, as well as the provision of technical assistance by the World Trade Organization and the United Nations Conference on Trade and Development, within their mandates, so as to contribute to the rapid and full integration of those countries into the multilateral trading system;

"22. *Invites* members of the international community to consider the interests of non-members of the World Trade Organization in the context of trade liberalization;

"23. *Emphasizes* that regional trade arrangements should contribute positively to the multilateral trading system, stresses in this context the importance of clarifying and improving disciplines and procedures under the existing provisions of the World Trade Organization applying to regional trade agreements, in accordance with paragraph 29 of the Doha Ministerial Declaration, taking into account the developmental aspects of those agreements, and urges the United Nations Conference on Trade and Development to assess and evaluate the development interface between the two processes;

"24. *Reaffirms* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of countries with small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration;

"25. *Recognizes* the special problems and needs of the landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, calls for, in this regard, the full and effective implementation of the Almaty Programme of Action, and stresses the need for the implementation of the São Paulo Consensus, adopted at the eleventh session of the United Nations Conference on Trade and Development in São Paulo, Brazil, on 18 June 2004, in particular paragraphs 66 and 84 thereof, by the relevant international organizations and donors in a multi-stakeholder approach;

"26. *Welcomes* the comprehensive and unique mandate of the United Nations Conference on Trade and Development, which was reaffirmed and enhanced at its eleventh session, and endorses the continued work of the United Nations Conference on Trade and Development in support of the effective and beneficial integration of developing countries into the global economy through analysis, intergovernmental consensus-building and technical assistance on assuring development gains from the international trading system and from trade negotiations in goods and services; commodities; trade, environment and development; and trade, competition policy and development;

"27. *Calls upon* the United Nations Conference on Trade and Development to monitor and evaluate the evolution of the international trading system and of trends in international trade from a development perspective, and in particular to analyse issues of concern to developing countries and help

them to develop their capacities to establish their own negotiating priorities and negotiate trade agreements, including under the Doha work programme;

"28. *Calls for* enhanced financial resources for the programmes and technical cooperation and capacity-building activities of the United Nations Conference on Trade and Development that assist developing countries, especially the least developed countries, countries with economies in transition and countries with small vulnerable economies, in international trade and trade negotiations, in particular in support of their participation in the Doha work programme, including the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

"29. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its sixtieth session on the implementation of the present resolution and on developments in the multilateral trading system under the sub-item entitled 'International trade and development'."

3. At the 40th meeting, on 16 December, statements were made by the representatives of Qatar (on behalf of the Group of 77 and China), the Russian Federation, Canada, the United States of America, Japan and Chile (see A/C.2/59/SR.40).

4. At the same meeting, on the proposal of the Chairman, the Committee decided to postpone consideration of the draft resolution until its next meeting.

5. At the 41st meeting, on 17 December, the Committee had before it a revised draft resolution entitled "International trade and development" (A/C.2/59/L.25/Rev.1), submitted by Switzerland.

6. At the same meeting, the Committee adopted draft resolution A/C.2/59/L.25/Rev.1 by a recorded vote of 152 to 2, with 6 abstentions (see para. 9). The voting was as follows:

In favour:

Afghanistan, Albania, Algeria, Andorra, Angola, Argentina, Armenia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Belize, Benin, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Chile, China, Colombia, Comoros, Congo, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Iraq, Ireland, Italy, Jamaica, Jordan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Lesotho, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malaysia, Maldives, Mali, Malta, Mauritius, Mexico, Monaco, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Moldova, Romania, Russian Federation, Rwanda, Saint Kitts and Nevis, Saint

Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia and Montenegro, Singapore, Slovakia, Slovenia, Somalia, South Africa, Spain, Sri Lanka, Sudan, Suriname, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, the former Yugoslav Republic of Macedonia, Timor-Leste, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Uruguay, Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Palau, United States of America.

Abstaining:

Australia, Canada, Israel, Japan, New Zealand, Republic of Korea.

7. Before the adoption of the draft resolution, statements in explanation of vote were made by the representatives of the Netherlands (on behalf of the European Union, the candidate countries Croatia, Romania and Turkey and the countries of the Stabilization and Association Process and potential candidates Bosnia and Herzegovina and Serbia and Montenegro), the former Yugoslav Republic of Macedonia, the United States of America, New Zealand (also on behalf of Canada and Australia) and Japan; after the adoption of the draft resolution, statements were made by the representatives of Chile, Costa Rica (on behalf of Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay and Uruguay, and subsequently on behalf of Colombia, Costa Rica, Ecuador, Guatemala, Honduras and Nicaragua), the Russian Federation, Argentina and El Salvador.

8. In the light of the adoption of draft resolution A/C.2/59/L.25/Rev.1, draft resolution A/C.2/59/L.25 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

9. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International trade and development

The General Assembly,

Recalling its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002 and 58/197 of 23 December 2003 on international trade and development,

Recalling also the provisions of the United Nations Millennium Declaration[1] pertaining to trade and related development issues, as well as the outcomes of the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002[2] and the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002,[3]

Noting the Ministerial Declaration[4] and decisions adopted at the Fourth Ministerial Conference of the World Trade Organization, held in Doha from 9 to 14 November 2001, and the full commitment of all members of the World Trade Organization to give effect to them, in accordance with the World Trade Organization General Council decision of 1 August 2004,[5]

Reaffirming the role of the United Nations Conference on Trade and Development as focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development,

Recalling its resolutions 57/250 of 20 December 2002 and 57/270 B of 23 June 2003, in which it invited the United Nations Conference on Trade and Development, as well as the Trade and Development Board, to contribute, within its mandate, to the implementation and to the review of the progress made in the implementation of the outcomes of the major United Nations conferences and summits and invited the President of the Trade and Development Board to present the outcomes of such reviews to the Economic and Social Council,

Recalling also that, to benefit fully from trade, which in many cases is the single most important external source of development financing, the establishment and the enhancement of appropriate institutions and policies in developing countries, as well as in countries with economies in transition, are needed and that, in this context, enhanced market access, balanced rules and well-targeted,

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex, and resolution 2, annex.

[4] A/C.2/56/7, annex.

[5] World Trade Organization, document WT/L/579 and Corr.1. Available online at http://docsonline.wto.org.

sustainably financed technical assistance and capacity-building programmes for developing countries also play an important role,

Noting the significant contribution of the multilateral trading system to economic growth, development and employment and the importance of maintaining the process of reform and liberalization of trade policies, as well as the importance of rejecting the use of protectionism, so that the system plays its full part in promoting recovery, growth and development, in particular of developing countries, bearing in mind paragraph 10 of resolution 55/182 of 20 December 2000,

Reaffirming that agriculture remains a key sector for the overwhelming majority of developing countries, and stressing the importance of the successful conclusion of the World Trade Organization Doha work programme[6] in accordance with the World Trade Organization General Council decision of 1 August 2004,

Reaffirming also the urgency, subject to national legislation, of recognizing the rights of local and indigenous communities that are holders of traditional knowledge, innovations and practices and, with the approval and involvement of the holders of such knowledge, innovations and practices, of developing and implementing benefit-sharing mechanisms on mutually agreed terms for the use of such knowledge, innovations and practices,

Recalling that it is particularly important for developing countries, bearing in mind development goals and objectives, that all countries take into account the need for an appropriate balance between national policy space and international disciplines and commitments,

Bearing in mind the special needs of the least developed countries, the small island developing States and the landlocked developing countries, as identified, respectively, in the Brussels Programme of Action[7] and the Barbados Programme of Action[8] and within a new global framework for transit transport cooperation for landlocked and transit developing countries as set out in the Almaty Programme of Action,[9]

Noting with concern that a number of developing countries, in particular the least developed countries and commodity-dependent developing countries, have not fully benefited from the global economy and trade liberalization,

Recognizing that countries must take appropriate and necessary security measures, but also underlining the importance of taking these measures in the manner that is least disruptive of normal trade and related practices,

Taking note of the review undertaken by the Trade and Development Board at its fifty-first session[10] of developments and issues in the post-Doha work

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[6] See A/C.2/56/7, annex.

[7] A/CONF.191/13, chap. I.

[8] *Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994* (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.

[9] *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/30), annex I.

[10] A/59/15 (Part V), chap. II.C; for the final text, see *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 15* (A/59/15).

programme of particular concern to developing countries following the eleventh session of the United Nations Conference on Trade and Development, and its contribution to an understanding of the actions required to help developing countries integrate, in a beneficial and meaningful manner, into the multilateral trading system and the global economy and to achieve a balanced, development-oriented and successful conclusion of the Doha negotiations,

Taking note also of the report of the Trade and Development Board[11] and the report of the Secretary-General,[12]

1. *Recognizes* that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can substantially stimulate development worldwide, benefiting countries at all stages of development, thereby promoting economic growth and sustainable development that is necessary to achieve the internationally agreed development goals, including those contained in the United Nations Millennium Declaration;[1]

2. *Reaffirms* the value of multilateralism to the global trading system, and in this regard welcomes the progress achieved in the Doha work programme,[6] with the adoption by the World Trade Organization General Council of its decision of 1 August 2004[5] on frameworks for further negotiations, which re-energizes the Doha round of the multilateral trade negotiations and recommits the members of the World Trade Organization to fulfilling the development dimension of the Doha work programme;

3. *Welcomes* the eleventh session of the United Nations Conference on Trade and Development, convened in São Paulo, Brazil, from 13 to 18 June 2004, and the adoption of The Spirit of São Paulo[13] and the São Paulo Consensus,[14] which, building upon the Plan of Action adopted at its tenth session,[15] held in Bangkok from 12 to 19 February 2000, reaffirm the continued commitment of the international community to supporting the United Nations Conference on Trade and Development in fulfilling its mandate in consensus-building, research and policy analysis, and in technical assistance on trade and development;

4. *Welcomes also* the commitment made at the Fourth Ministerial Conference of the World Trade Organization, held in Doha from 9 to 14 November 2001, and the World Trade Organization General Council decision of 1 August 2004 to place development at the heart of the Doha work programme and to continue to make positive efforts to ensure that developing countries, especially the least developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development;

5. *Reaffirms* that all countries have a shared interest in the success of the Doha work programme, which aims both at further increasing trading opportunities and reducing barriers to trade among nations and at making the trading system more development-friendly, which would contribute to the objective of upholding and safeguarding an open, equitable, rule-based, predictable and non-discriminatory

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[11] A/59/15 (Part V); for the final text, see *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 15* (A/59/15).

[12] A/59/305.

[13] TD/L.382.

[14] TD/410.

[15] TD/386.

multilateral trading system, and recalls that a major contribution of the Doha Ministerial Declaration[4] was to place the needs and interests of developing countries at the heart of the Doha work programme and that this important objective needs to be pursued with a view to bringing about concrete development-oriented outcomes from the multilateral trade negotiations;

6. *Looks forward* to the early development of the frameworks outlined in the World Trade Organization General Council decision of 1 August 2004 in an inclusive and transparent manner into concrete, detailed and specific modalities for the early and successful conclusion of the negotiations, while ensuring balance and parallel progress within and between areas under negotiation bearing in mind the needs and concerns of developing countries, and ensuring a fair and development-oriented outcome of the Doha work programme based on a broad agenda, including enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes;

7. *Recognizes*, in regard to the World Trade Organization General Council decision of 1 August 2004 and consistent with the Doha work programme, the following issues of particular interest and concern to developing countries:

(a) Reviewing special and differential treatment provisions with a view to making them more precise, effective and operational and, in this regard, expeditiously completing the review of the outstanding Agreement-specific proposals and cross-cutting issues, and finding appropriate solutions to outstanding implementation issues, by July 2005, as provided for in paragraph 1 (d) of the decision;

(b) The elaboration of modalities under the framework on agriculture, as contained in annex A to the decision, for negotiations, in accordance with paragraph 13 of the Doha Ministerial Declaration, noting that reforms in all three pillars of market access, domestic support and export competition form an interconnected whole and must be approached in a balanced and equitable manner with operationally effective and meaningful special and differential treatment for developing countries, and recalling that agriculture is of critical importance to the economic development of developing country members, particularly to the least developed countries and the net food-importing developing countries, and that they must be able to pursue agricultural policies that are supportive of their development goals, poverty reduction strategies and food security and livelihood concerns, and that non-trade concerns will be taken into account;

(c) Implementing concretely the commitment to address cotton issues ambitiously, expeditiously and specifically within the agriculture negotiations as provided for in annex A to the decision;

(d) The elaboration of modalities on market access for non-agricultural products pursuant to annex B to the decision, with the aim of reducing or, as appropriate, eliminating tariffs, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries, with a comprehensive product coverage and without a priori exclusions, and recalling also the importance of special and differential treatment and less than full reciprocity in reduction commitments for developing countries as integral parts of the modalities;

(e) Negotiations on trade in services, as provided in annex C to the decision, with a view to providing effective market access to all members of the World Trade Organization and in order to ensure a substantive outcome, members striving to ensure a high quality of offers by May 2005, particularly in sectors and modes of supply of export interest to developing countries, with special attention to be given to least developed countries, and aiming to achieve progressively higher levels of liberalization with no a priori exclusion of any service sector or mode of supply, giving special attention to sectors and modes of supply of export interest to developing countries, noting the interest of developing countries, as well as other members, in mode 4;

(f) Enhancing trade-related technical assistance and capacity-building to increase the effective participation of developing countries in the negotiations, to facilitate their implementation of World Trade Organization rules and to enable them to adjust and diversify their economies;

(g) Advancing the negotiations aimed at clarifying and improving disciplines under the agreements in the areas of anti-dumping, subsidies and countervailing measures, while preserving the basic concepts, principles and effectiveness of those agreements, taking into account the needs of developing countries, in accordance with paragraph 1 (f) of the decision;

(h) Advancing negotiations under the review of the dispute settlement understanding, in accordance with paragraph 1 (f) of the decision;

(i) Negotiations on trade facilitation, the results of which should take fully into account the principle of special and differential treatment for developing and least developed countries, in accordance with annex D to the decision;

8. *Reaffirms* the importance of market access, and in this context recalls the importance of respect for World Trade Organization disciplines, including in the area of anti-dumping, inter alia, to avoid the abusive application of anti-dumping and other trade-distorting measures;

9. *Reaffirms also* the importance of the full implementation of the Agreement on Textiles and Clothing of the World Trade Organization,[16] which provides for the complete phase-out of the Agreement on Textiles and Clothing by 31 December 2004;

10. *Reaffirms further* the importance of the development dimension of the Agreement on Trade-related Aspects of Intellectual Property Rights;[16]

11. *Invites* all members of the World Trade Organization to effectively implement the decision adopted by the General Council of the World Trade Organization on 30 August 2003[17] on the implementation of paragraph 6 of the Doha Declaration on the Agreement on Trade-related Aspects of Intellectual Property Rights and Public Health[18] to address the problems faced by countries with insufficient or no manufacturing capacity in the pharmaceutical sector in accessing medicines at affordable prices when combating serious public health problems

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[16] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh, on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

[17] World Trade Organization, document WT/L/540. Available online at http://docsonline.wto.org.

[18] World Trade Organization, document WT/MIN(01)/DEC/2.

afflicting many developing and least developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics, and, as agreed by the World Trade Organization Council for Trade-related Aspects of Intellectual Property Rights on 16 June 2004, to expeditiously establish a permanent solution by amending the Agreement on Trade-related Aspects of Intellectual Property Rights on the basis of the recommendations by the Council to be presented by March 2005;

12. *Invites* the World Intellectual Property Organization to continue further its development activities and to continue to cooperate with relevant international organizations;

13. *Stresses* that the adoption or enforcement of any measures necessary to protect human, animal or plant life or health should not be applied in a manner that would constitute arbitrary or unjustified discrimination or a disguised restriction on international trade, while recognizing the rights of members of the World Trade Organization to determine their own appropriate level of sanitary and phyto-sanitary protection in accordance with World Trade Organization rules, and recognizes the need to facilitate the increased participation of the developing countries in the work of relevant international standard-setting organizations as well as the importance of providing financial and technical assistance and capacity-building efforts to enable them to respond adequately to the introduction of any new measures;

14. *Emphasizes* that issues related to trade, debt and finance and transfer of technology duly covered in the Doha work programme should be addressed as a high priority in accordance with the Doha work programme and the World Trade Organization General Council decision of 1 August 2004;

15. *Recalls* the commitment of the members of the World Trade Organization, in line with the Doha mandates, to progress in the areas of rules, trade and environment, and trade-related aspects of intellectual property rights, as stated in the World Trade Organization General Council decision of 1 August 2004;

16. *Stresses* the importance of an open, transparent, inclusive and democratic process and of procedures for the effective functioning of the multilateral trading system that allow for internal transparency and the effective participation of members, including in the decision-making process, and that enable them to have their vital interests duly reflected in the outcome of trade negotiations;

17. *Also stresses* the importance of facilitating the accession of all developing countries, in particular the least developed countries, as well as countries with economies in transition, that apply for membership in the World Trade Organization, consistent with its criteria, bearing in mind paragraph 21 of General Assembly resolution 55/182 of 20 December 2000 and subsequent developments, and calls for the effective and faithful application of the World Trade Organization guidelines on accession of the least developed countries;

18. *Invites* members of the international community to consider the interests of non-members of the World Trade Organization in the context of trade liberalization;

19. *Emphasizes* that bilateral and regional trade arrangements should complement the goals of the multilateral trading system, and in this context stresses the importance of clarifying and improving disciplines and procedures under the existing provisions of the World Trade Organization applying to regional trade

agreements in accordance with paragraph 29 of the Doha Ministerial Declaration, taking into account the developmental aspects of regional trade agreements, and urges the United Nations Conference on Trade and Development, in accordance with its mandate, to provide technical inputs in this respect;

20. *Notes with appreciation* the autonomous steps taken by some countries in providing trade-related assistance and by simplifying administrative procedures, to facilitate access to their markets for exports from developing countries;

21. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization, and at the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001,[19] in this regard calls upon developed countries that have not already done so to work towards the objective of duty-free, quota-free market access for all least developed country exports, and notes that the consideration of proposals for developing countries to contribute to improved market access for the least developed countries would also be helpful;

22. *Welcomes* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of countries with small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration;

23. *Recognizes* the special problems and needs of the landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, in this regard calls for the full and effective implementation of the Almaty Programme of Action,[9] and stresses the need for the implementation of the São Paulo Consensus,[14] adopted at the eleventh session of the United Nations Conference on Trade and Development in São Paulo, Brazil, on 18 June 2004, in particular paragraphs 66 and 84 thereof, by the relevant international organizations and donors in a multi-stakeholder approach;

24. *Recognizes also* the importance of addressing seriously the concerns of commodity-dependent developing countries owing to the continuing volatility of world commodity prices and other factors, and of supporting the efforts of such countries to restructure, diversify and strengthen the competitiveness of their commodity sectors, and in this regard notes the formation of an international task force on commodities by the United Nations Conference on Trade and Development;

25. *Emphasizes* the importance of addressing the concerns of a number of developing countries in respect of the erosion of preferences and the impact of liberalization on their tariff revenues;

26. *Stresses* the importance of enhancing South-South trade and cooperation in the context of an emerging new trade geography that complements North-South trade and cooperation, and takes note of the decision, adopted in June 2004, to launch the third round of the Global System of Trade Preferences among Developing Countries;

[19] See A/CONF.191/13.

27. *Recognizes* that it is important for developing countries and countries with economies in transition to consider reducing trade barriers among themselves;

28. *Expresses its concern* about the adoption of a number of unilateral actions that are not consistent with the rules of the World Trade Organization, harm the exports of all countries, in particular those of developing countries, and have a considerable bearing on the ongoing World Trade Organization negotiations and on the achievement and further enhancement of the development dimension of the trade negotiations;

29. *Emphasizes* the importance of developing human, institutional, regulatory and research and development capacities and infrastructures aimed at enhanced supply-side capacity and competitiveness, as well as ensuring a conducive international environment for the full and effective integration of developing countries and countries with economies in transition into the international trading system;

30. *Stresses* the importance of strengthening and enabling the trade, investment and business environment through the adoption of appropriate domestic measures and conditions to encourage local, regional and international investment and efforts to prevent and dismantle anti-competitive practices and promote responsibility and accountability of corporate actors at both the international and the national levels, thereby enabling developing countries' producers, enterprises and consumers to take advantage of trade liberalization, and encourages developing countries to consider establishing competition laws and frameworks best suited to their development needs, complemented by technical and financial assistance for capacity-building, taking fully into account national policy objectives and capacity constraints;

31. *Notes* that the outcome documents of the eleventh session of the United Nations Conference on Trade and Development emphasized the importance for all countries of enhancing coherence between national development strategies and global economic processes towards economic growth and development, in particular of developing countries, and, in that context, reinforced the consensus that trade is a means to growth and development and that the international trading system and trade negotiations should facilitate development gains;

32. *Also notes* the important and unique mandate of the United Nations Conference on Trade and Development, which was reaffirmed at its eleventh session, and supports the continued work of the United Nations Conference on Trade and Development in support of the effective and beneficial integration of developing countries and countries with economies in transition into the global economy in cooperation with relevant international organizations;

33. *Invites* the United Nations Conference on Trade and Development, in accordance with its mandate, to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and in particular to analyse issues of concern to developing countries and countries with economies in transition, supporting them in the formulation, implementation and review of national trade and trade-related policies and options with a view to maximizing their share of world trade;

34. *Reiterates* the importance of supporting the programmes and technical cooperation and capacity-building activities of the United Nations Conference on

Trade and Development that assist developing countries, especially the least developed countries and countries with economies in transition, in international trade and trade negotiations, in particular in support of their participation in the Doha work programme, including the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

35. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its sixtieth session on the implementation of the present resolution and on developments in the multilateral trading system under the sub-item entitled "International trade and development".

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Macroeconomic policy questions: international financial system and development

Report of the Second Committee*

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 83 (b) (see A/59/481, para. 2). Action on sub-item (b) was taken at the 17th and 40th meetings, on 20 October and 16 December 2004. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/59/SR.17 and 40).

II. Consideration of draft resolutions A/C.2/59/L.2 and A/C.2/59/L.70

2. At the 17th meeting, on 20 October, the representative of Qatar, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International financial system and development" (A/C.2/59/L.2) which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled 'Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity', as well as its resolutions 57/241 of 20 December 2002 and 58/202 of 23 December 2003,

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"*Recalling also* the United Nations Millennium Declaration and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development and the Plan of Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation'),

"*Emphasizing* that the international financial system should further sustain economic growth and support sustainable development and poverty eradication, while allowing for the coherent mobilization of all sources of financing for development, including the mobilization of domestic resources, international investment flows, official development assistance and external debt relief, and an open, equitable, rule-based, predictable and non-discriminatory global trading and financial system,

"*Reaffirming* the commitment to create an enabling environment at both the national and international levels that is conducive to development and to the eradication of poverty through, inter alia, good governance with each country and, at the international level, transparency and accountability in the financial, monetary and trading systems, including in the private sector and transnational corporations,

"*Recognizing* the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems, and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration,

"*Reiterating* the need to strengthen the leadership role of the United Nations in promoting development,

"1. *Takes note* of the reports of the Secretary-General on the international financial system and development and on innovative sources of financing for development;

"2. *Notes* that the global economic recovery is still fragile and should be strengthened and sustained, and stresses the importance of cooperative efforts by all countries and institutions to cope with risks of financial instability and to ensure a strong and steady recovery, including regional monetary cooperation, as a means of achieving greater financial stability;

"3. *Emphasizes* the need for enhanced and predictable financial flows to developing countries, and in this regard expresses concern with continued net outward transfer of financial resources from developing to developed countries, underscores the need for appropriate measures at the national and international levels to address this issue, and notes the efforts that have been made thus far to this end and of the fact that for some developing countries those transfers, at the present time, indicate positive developments in the trade balance, which are required, inter alia, for debt repayment and which allow for the purchase of foreign assets;

"4. *Underlines* the importance of adopting effective measures, including new financial mechanisms, to support the efforts of developing countries to achieve sustained economic growth, sustainable development,

poverty reduction and the strengthening of their democratic systems, and reaffirms that each country has primary responsibility for its own economic and social development and that national policies have the leading role in the development process;

"5. *Also underlines* the importance of promoting international financial stability and sustainable growth, and welcomes the efforts undertaken to this end by the International Monetary Fund and the Financial Stability Forum, as well as the consideration by the International Monetary and Financial Committee of ways to sharpen tools designed to promote international financial stability and enhance crisis prevention, including through an even-handed implementation of surveillance and a sharpening of surveillance on capital markets and systemically and regionally important countries, with a view, inter alia, to the early identification of debt-related systemic vulnerabilities, surveillance and enhancement of its pro-growth orientation, the better coordination of multilateral and regional surveillance, the fostering of appropriate policy responses, the provision of adequate precautionary support to deal with external crises and further improvements in the transparency of macroeconomic data and statistical information on international capital flows;

"6. *Reiterates* in this regard that measures to mitigate the impact of excessive volatility of short-term capital flows and to improve transparency of and information about financial flows are important and must be considered;

"7. *Notes* the impact of financial crises and risks of contagion to developing countries, regardless of their size, and underlines the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources to respond in a timely and appropriate way to such crises that includes counter-cyclical policies;

"8. *Also notes* that building an environment that encourages investment by the domestic business sector requires policies that are able to offset the fluctuations in growth and employment caused by external shocks, and thus encourages the International Monetary Fund and the World Bank to incorporate increased policy flexibility into structural adjustment programmes to accommodate appropriate counter-cyclical policies;

"9. *Stresses* the need to advance the efforts to reform the international financial architecture, and in this regard encourages the International Monetary Fund and the World Bank to continue examining the issues of the voice and effective participation of developing countries, through the implementation of the principles of full and equal participation in their respective decision-making processes, and stresses that the Bretton Woods institutions should take into account the specific conditions of developing countries in determining their economic policies;

"10. *Welcomes* the ongoing work of the International Monetary Fund on quotas, and notes the conclusion of the Fund's Twelfth General Review of Quotas, the report on which indicated the adequacy of the current level of Fund resources and the intention of the Executive Board, during the period of the Thirteenth General Review, to monitor closely and assess the adequacy of Fund resources, to consider measures to achieve a distribution of quotas that

reflects developments in the world economy and to consider measures to strengthen the governance of the Fund;

"11. *Also welcomes* the ongoing work of the World Bank on aid effectiveness and financing modalities to complement increased aid flows and commitments, including innovative mechanisms, and calls for an institutional analysis by the Bank and the International Monetary Fund of such initiatives as the International Finance Facility, and those considered by the Technical Group in its report to the World Leaders Summit on Action against Hunger and Poverty;

"12. *Emphasizes* that it is essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes, and underscores the need to ensure their implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion;

"13. *Invites* the multilateral and regional development banks and development funds to continue to play a vital role in serving the development needs of developing countries, including through coordinated action, as appropriate, and stresses that strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and are an essential source of knowledge and expertise for their developing country members;

"14. *Calls* for the continued effort of the multilateral financial institutions, in providing policy advice and financial support to member countries, to work on the basis of nationally owned reform and development strategies, to pay due regard to the special needs and implementing capacities of developing countries and to minimize the negative impacts of the adjustment programmes on the vulnerable segments of society, while taking into account the importance of gender-sensitive employment and poverty eradication policies and strategies;

"15. *Stresses* the need for structural reforms to strengthen corporate governance, accounting and auditing, in particular when inadequate policies can have systemic consequences;

"16. *Reiterates* the importance of the orderly resolution of sovereign debt crises as well as greater predictability and order to the resolution of sovereign debt, including a voluntary code of conduct by sovereign debtors and private creditors, as well as other mechanisms under review, and notes the increasing voluntary use of collective action clauses in international sovereign bonds;

"17. *Encourages* the efforts, including those of the Bretton Woods institutions, to improve the assessment of debt sustainability in low and middle-income countries through, inter alia, the development of better tools to deal with exogenous shocks and the need to take country-specific factors into account;

"18. *Stresses* the importance of continuation of work on crisis prevention and resolution and encourages, in this regard, the creation of more effective

surveillance, backed by lending facilities offering to emerging markets some form of contingent insurance that can be mobilized quickly and on a sufficiently large scale if a need arises;

"19. *Notes* the impact of financial crisis or risk of contagion in developing countries, regardless of their size, and in this regard underlines the need to ensure that the international financial institutions have a suitable array of financial facilities and resources to respond in a timely and appropriate manner in accordance with their policies;

"20. *Invites* further consideration of proposals on innovative public and private mechanisms for financing development on possible innovative sources of finance, taking note of the proposal to use special drawing rights allocations for development purposes, bearing in mind that any assessment of special drawing rights allocations must respect the Articles of Agreement of the International Monetary Fund and the established rules of procedure of the Fund, which requires taking into account the global need for liquidity at the international level;

"21. *Requests* the Secretary-General to work jointly with the international financial institutions to develop further analytical studies to assist in identifying policies that includes macroeconomic variables in favour of economic growth and sustainability, and to report to the General Assembly at its sixtieth session on the implementation of the present resolution;

"22. *Decides* to include in the provisional agenda of its sixtieth session, under the item entitled 'Macroeconomic policy questions', the sub-item entitled 'International financial system and development'."

3. At the 40th meeting, on 14 December, the Vice-Chairman of the Committee, Majdi Ramadan (Lebanon), introduced a draft resolution entitled "International financial system and development" (A/C.2/59/L.70), which he submitted on the basis of informal consultations held on draft resolution A/C.2/59/L.2. In introducing the draft resolution, the Vice-Chairman orally corrected operative paragraph 16 by replacing the words "inter alia" with the word "including".

4. At the same meeting, the Committee adopted draft resolution A/C.2/59/L.70, as orally corrected (see para. 6).

5. In light of the adoption of draft resolution A/C.2/59/L.70, draft resolution A/C.2/59/L.2 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

6. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002 and 58/202 of 23 December 2003,

Recalling also the United Nations Millennium Declaration[1] and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[3]

Emphasizing that the international financial system should further sustain economic growth and support sustainable development and poverty eradication, while allowing for the coherent mobilization of all sources of financing for development, including the mobilization of domestic resources, international investment flows, official development assistance and external debt relief, and an open, equitable, rule-based, predictable and non-discriminatory global trading system,

Reiterating that success in meeting the objectives of development and poverty eradication depends on good governance within each country and at the international level, and stressing that sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation,

Recognizing that an enabling economic environment should, inter alia, foster a dynamic and well-functioning business sector and include efforts to further promote good corporate and public sector governance, to combat corruption in the private and public sectors, and to promote the strengthening of and respect for the rule of law,

Encouraging further progress on the issue of participation of developing countries in international economic decision-making and norm-setting processes, including those in the Bretton Woods institutions and other economic and financial institutions and ad hoc groupings, while welcoming the steps that have been taken

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

with a view to strengthening the capacity of developing countries to participate effectively in the international financial institutions,

Recognizing the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems, and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration,

Emphasizing the need for additional stable and predictable financing to help developing countries undertake investment plans to achieve internationally agreed development goals,

Welcoming the initiative launched by the Presidents of Brazil, Chile and France and the Prime Minister of Spain, with the support of the Secretary-General, to convene in New York on 20 September 2004 the Summit of World Leaders for Action against Hunger and Poverty,

Taking note of the note by the Secretary-General on innovative sources of financing for development,[4]

Reiterating the need to strengthen the leadership role of the United Nations in promoting development,

1. *Takes note* of the report of the Secretary-General on the international financial system and development;[5]

2. *Notes* that the global economy is recovering, supported by growth in some developing countries, and that economic growth should be further strengthened and sustained, and stresses the importance of cooperative efforts by all countries and institutions to cope with risks of financial instability and to ensure a strong and steady recovery, as a means of achieving greater financial stability, and in this regard, acknowledges recent efforts at regional monetary cooperation;

3. *Also notes* the continued net outward transfer of financial resources from developing to developed countries, acknowledging the outward investment from some developing countries as an indication of their integration into the world economy, and underscores the need for appropriate measures at the national and international levels to address this issue, and further notes the efforts that have been made thus far to this end and takes note of the fact that, for some developing countries, those transfers, at the present time, indicate positive developments in the trade balance, which are required, inter alia, for debt repayment and allow for the purchase of foreign assets;

4. *Underlines* the importance of promoting international financial stability and sustainable growth, and welcomes the efforts undertaken to this end by the International Monetary Fund and the Financial Stability Forum, as well as the consideration by the International Monetary and Financial Committee of ways to sharpen tools designed to promote international financial stability and enhance crisis prevention, inter alia, through an even-handed implementation of surveillance, including at the regional level, and a sharpening of surveillance of capital markets

[4] A/59/272.

[5] A/59/218 and Corr.1.

and systemically and regionally important countries, with a view, inter alia, to the early identification of problems and risks, integrating debt sustainability analysis, the fostering of appropriate policy responses, the possible provision of financing and other instruments designed to prevent the emergence or spread of financial crises, and further improvements in the transparency of macroeconomic data and statistical information on international capital flows;

5. *Also underlines* the importance of efforts at the national level to increase resilience to financial risk and stresses in this regard the importance of better assessment of a country's debt burden and its ability to service that debt in both crisis prevention and resolution and welcomes the ongoing work of the International Monetary Fund on assessing debt sustainability;

6. *Reiterates* in this regard that measures to mitigate the impact of excessive volatility of short-term capital flows and to improve transparency of and information about financial flows are important and must be considered;

7. *Notes* the impact of financial crisis or risk of contagion in developing countries and countries with economies in transition, regardless of their size, and in this regard, welcomes the efforts of the international financial institutions, in their support to countries, to continuously adapt their array of financial facilities and resources, drawing on a full range of policies, taking into account the effects of economic cycles, as and where appropriate, having due regard to sound fiscal management and the specific circumstances of each case, so as to prevent and respond to such crises in a timely and appropriate way;

8. *Stresses* the importance of strong domestic institutions in promoting business activities and financial stability for the achievement of growth and development, inter alia, through sound macroeconomic policies and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors, and also stresses that international cooperation initiatives in those areas should encourage flows of capital to developing countries;

9. *Notes* that building an environment that encourages development of the domestic business sector requires that countries undertake appropriate policies to minimize the risk of and respond to external shocks and their impact, inter alia, on growth and employment, and encourages the International Monetary Fund and the World Bank to take into account the specific conditions of developing countries in determining their guidance to them in this area;

10. *Stresses* the importance of advancing in respect of the efforts to reform the international financial architecture, as envisaged in the Monterrey Consensus of the International Conference on Financing for Development,[2] and in this regard, encourages the International Monetary Fund and the World Bank to continue examining the issues of the voice and effective participation of developing countries and countries with economies in transition in their decision-making processes;

11. *Welcomes* the ongoing work of the International Monetary Fund on quotas, and notes the conclusion of the Fund's Twelfth General Review of Quotas, the report on which indicated the adequacy of the current level of Fund resources and the intention of the Executive Board, during the period of the Thirteenth General Review, to monitor closely and assess the adequacy of Fund resources, to consider measures to achieve a distribution of quotas that reflects developments in

the world economy and to consider measures to strengthen the governance of the Fund;

12. *Notes* the ongoing analysis by the World Bank and the International Monetary Fund, as mentioned in the communiqué of the Development Committee of 2 October 2004,[6] of proposals on financing modalities to complement increased aid flows and commitments with innovative mechanisms, and their technical feasibility;

13. *Looks forward* to further consideration of the subject of possible innovative and additional sources of financing for development from all sources, public and private, domestic and external, taking into account international efforts, contributions and discussions, within the overall framework of the follow-up of the International Conference on Financing for Development;

14. *Reaffirms* the need to adopt policies and undertake measures to reduce the cost of the transfer of migrant remittances to developing countries and welcomes efforts of Governments and stakeholders in this regard;

15. *Emphasizes* that it is essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes, and underscores the need to ensure their implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion, and notes that more than one hundred countries participated or agreed to participate in a joint World Bank-International Monetary Fund financial sector assessment programme;[7]

16. *Invites* the multilateral and regional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, and stresses that strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and are an essential source of knowledge and expertise for their developing-country members;

17. *Calls for* the continued effort of the multilateral financial institutions, in providing policy advice, technical assistance and financial support to member countries, to work on the basis of nationally owned reform and development strategies, to pay due regard to the special needs and implementing capacities of developing countries and countries with economies in transition, and to minimize the negative impacts of the adjustment programmes on the vulnerable segments of society, while taking into account the importance of gender-sensitive employment and poverty eradication policies and strategies;

18. *Stresses* the need to continuously improve standards of corporate and public sector governance, including accounting, auditing and measures to ensure transparency, noting the disruptive effects of inadequate policies;

19. *Acknowledges* the ongoing work towards a more comprehensive approach to sovereign debt restructurings, supports the increasing inclusion of

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[6] See *IMF Survey*, vol. 33, No. 18 (11 October 2004), pp. 287-288. Complete text is also available from http://sitesources.worldbank.org/DEVCOMMINT/NewsAndEvents/20264401/Sept_2004_DC_Communique_E.pdf.

[7] See A/59/218 and Corr.1, para. 15.

collective action clauses in international bond issuing, and strongly encourages leading bond issuing countries and the private sector to make substantial progress on the preparation of an effective code of conduct, bearing in mind the need to not preclude emergency financing in times of crisis, to promote fair burden-sharing and minimize moral hazard, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

20. *Welcomes* the ongoing efforts, including those of the Bretton Woods institutions, to improve the assessment of debt sustainability in low- and middle-income countries through, inter alia, the development of better tools to deal with exogenous shocks and the need to take country-specific factors into account;

21. *Requests* the Secretary-General to report to the General Assembly at its sixtieth session on the implementation of the present resolution;

22. *Decides* to include in the provisional agenda of its sixtieth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".

United Nations A/59/481/Add.3

General Assembly

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Agenda item 83 (c)

Macroeconomic policy questions: external debt crisis and development

Report of the Second Committee*

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 83 (c) (see A/59/481, para. 2). Action on sub-item (c) was taken at the 17th and 38th meetings, on 20 October and 7 December 2004. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/59/SR.17 and 38).

II. Consideration of draft resolutions A/C.2/59/L.3 and A/C.2/59/L.53

2. At the 17th meeting, on 20 October, the representative of Qatar, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "External debt crisis and development" (A/C.2/59/L.3), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolution 58/203 of 23 December 2003 on the external debt crisis and development, and recalling also the Monterrey Consensus of the International Conference on Financing for Development, which, in particular, recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment,

* The report of the Committee on this item will be issued in five parts, under the symbol A/59/481 and Add.1-4.

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"*Recalling also* the United Nations Millennium Declaration adopted on 8 September 2000,

"*Concerned* that the current global recovery has not contributed to significant progress in the poorest countries in attaining the agreed development goals or in solving the external debt problems of developing countries, and noting that the continuing debt and debt-servicing obligations of developing countries, in particular the heavily indebted poor developing countries, constitute an element that adversely affects their sustainable development,

"*Welcoming* the further extension of the sunset clause of the Heavily Indebted Poor Countries Initiative, convinced that the implementation of the Initiative could be enhanced by streamlining conditionalities, in particular by eliminating structural and microconditions, and in this regard emphasizing the need to ensure that debt relief does not replace other sources of financing, and welcoming also the call in the communiqué issued by the joint International Monetary Fund/World Bank Development Committee on 2 October 2004 urging all creditors to participate in the Heavily Indebted Poor Countries Initiative,

"1. *Takes note* of the report of the Secretary-General;

"2. *Reaffirms* the determination, as expressed in the United Nations Millennium Declaration, to deal comprehensively and effectively with the debt problems of developing countries;

"3. *Emphasizes* that all creditors and debtors must share responsibility for preventing and resolving unsustainable debt situations;

"4. *Stresses* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with poverty eradication, sustained economic growth and sustainable development and with the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

"5. *Also stresses* that debt sustainability depends on a confluence of many factors at the international and national levels, underscores that no single indicator should be used to make definitive judgements about debt sustainability, and in this regard emphasizes that country-specific circumstances should be taken into account in debt sustainability analyses;

"6. *Reiterates* the call upon developed countries, as expressed in the Millennium Declaration, on developed countries to implement the enhanced programme of debt relief for the heavily indebted poor countries, which requires additional financial resources;

"7. *Notes* with great concern that, after reaching the completion point, the beneficiary countries of the Heavily Indebted Poor Countries Initiative have not been able to achieve debt sustainability, and in this regard welcomes recent initiatives to consider a more comprehensive write-off of the official debt of the heavily indebted poor countries and other equally poor countries, including debt owed to multilateral financial institutions;

"8. *Recognizes* the continued efforts of the heavily indebted poor countries to improve their domestic policies and economic management, and in this regard calls upon all creditors to encourage those efforts through further participation in the delivery of debt relief so as to ensure adequate and sufficiently concessional financing by international financing institutions and the donor community;

"9. *Stresses* the importance of continued flexibility with regard to the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

"10. *Also stresses* the need for all creditors, including the Paris and London Clubs and other relevant forums, to pursue, where appropriate, debt relief measures vigorously and expeditiously;

"11. *Notes* that the Evian Approach of the Paris Club can contribute to resolving with greater flexibility the debt problems of highly indebted developing countries that are not eligible for debt relief under the Heavily Indebted Poor Countries Initiative, and in this regard calls upon creditor countries to ensure that the debt of such countries is treated in a way that reflects their financial needs and the objective of enhancing long-lasting debt sustainability;

"12. *Calls* upon donor countries to continue their efforts to increase bilateral grants to low- and middle-income developing countries, in addition to those which are accounted for by debt forgiveness, in order to ensure that debt sustainability can be attained in the medium to long term without compromising public and private investment and spending for health and education, and in this regard stresses the need to take steps to ensure that resources provided for debt relief do not detract from official development assistance resources;

"13. *Emphasizes* the need for more flexibility from the international community in helping post-conflict developing countries, especially those which are heavily indebted and poor, to achieve initial reconstruction for economic and social development;

"14. *Also emphasizes* the need for the International Monetary Fund and the World Bank, in their assessment of debt sustainability, to take into account fundamental changes caused, inter alia, by natural disasters, conflicts, changes in global growth prospects or in the terms of trade, especially for commodity-exporting developing countries;

"15. *Takes note* of the new debt sustainability framework of the World Bank and the International Monetary Fund, which aims at identifying countries that will be eligible for International Development Association grants, calls for transparency in the computation of the country policy and institutional assessments that form part of the framework, and also calls for an evaluation of its overall implications for low-income countries;

"16. *Stresses* the need to find a comprehensive solution for the debt problems of heavily indebted low- and middle-income developing countries that are not eligible for debt relief under the Heavily Indebted Poor Countries

Initiative, and in this regard continues to encourage the exploration of innovative mechanisms to comprehensively address the debt problems of those countries;

"17. *Also stresses* the need to consider an international debt work-out mechanism, in the appropriate forums, the adoption of which should not preclude emergency financing in times of crisis, to promote fair burden-sharing and minimize moral hazard, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

"18. *Calls upon* the international community to support capacity-building in developing countries for the management of financial assets and liabilities in order to enhance debt-financing policies as an integral part of national development strategies;

"19. *Also calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions as well as the private sector to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those relating to the question of the external debt problem of developing countries;

"20. *Welcomes* the initiative of the United Nations Conference on Trade and Development, the International Monetary Fund and the World Bank, in cooperation with the regional commissions, development banks and funds and other multilateral institutions, to create a consultative group on external debt management aimed at facilitating cooperation and coordination among providers of technical assistance in debt management;

"21. *Requests* the Secretary-General to submit to the General Assembly at its sixtieth session a report on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries;

"22. *Decides* to include in the provisional agenda of its sixtieth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "External debt crisis and development".

3. At the 38th meeting, on 7 December, the Vice-Chairman of the Committee, Mr. Majdi Ramadan (Lebanon), introduced a draft resolution entitled "External debt crisis and development" (A/C.2/59/L.53), which he submitted on the basis of informal consultations held on draft resolution A/C.2/59/L.3.

4. At the same meeting, the representative of Guatemala, as facilitator of the draft resolution, orally corrected operative paragraphs 4 and 11 of the draft resolution.

5. Also at the 38th meeting, the Committee adopted draft resolution A/C.2/59/L.53 as orally corrected (see para. 7).

6. In the light of the adoption of draft resolution A/C.2/59/L.53, draft resolution A/C.2/59/L.3 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

External debt crisis and development

The General Assembly,

Recalling its resolution 58/203 of 23 December 2003 on the external debt crisis and development,

Reaffirming the Monterrey Consensus of the International Conference on Financing for Development,[1] which recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment,

Recalling the United Nations Millennium Declaration[2] adopted on 8 September 2000, which reaffirms the need to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries,

Recalling also its resolution 57/270 B of 23 June 2003,

Concerned that a number of developing countries have not sufficiently benefited from the current global economic recovery in their efforts to attain the internationally agreed development goals, in particular the heavily indebted poor countries, where continuing debt and debt-servicing obligations could adversely affect their sustainable development,

Welcoming the further extension of the sunset clause of the Heavily Indebted Poor Countries Initiative, noting that the Initiative aims to promote debt sustainability in the poorest countries and that its implementation could be enhanced by streamlining conditionalities, emphasizing in this regard the need to ensure that debt relief does not replace other sources of financing, acknowledging furthermore the progress in the implementation of the Initiative,[3] and welcoming the call in the communiqué issued by the joint International Monetary Fund/World Bank Development Committee on 2 October 2004 urging all creditors to participate in the Initiative,

1. *Takes note* of the report of the Secretary-General;[4]

2. *Emphasizes* that creditors and debtors must share responsibility for preventing and resolving unsustainable debt situations in a timely and efficient manner, stresses the need to continue to bring them together in relevant international forums, and in this regard reiterates that the international financial system, along with enhanced official and private external financing and foreign direct investment, are key elements for a durable solution;

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[1] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[2] See resolution 55/2.

[3] Fifteen countries have passed the completion point and 27 countries have redirected substantial funds from debt-servicing to social expenditures.

[4] A/59/219.

3. *Stresses* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with poverty eradication, sustained economic growth and sustainable development and the achievement of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration,[2] and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

4. *Also stresses* that debt sustainability depends on a confluence of many factors at the international and national levels, underscores that no single indicator should be used to make definitive judgements about debt sustainability, and in this regard, while acknowledging the need to use transparent and comparable indicators, emphasizes that country-specific circumstances and the impact of external shocks should be taken into account in debt sustainability analyses and invites the International Monetary Fund and the World Bank, in their assessment of debt sustainability, to take into account fundamental changes caused by, inter alia, natural disasters, conflicts and changes in global growth prospects or in the terms of trade, especially for commodity-exporting developing countries;

5. *Notes with concern* that, in spite of the progress achieved, some countries that have reached the completion point of the Heavily Indebted Poor Countries Initiative have not been able to achieve lasting debt sustainability, stresses the importance of promoting responsible lending and borrowing and the need to help these countries manage their borrowings and avoid a build-up of unsustainable debt, including through the use of grants, and in this regard welcomes the ongoing work by the International Monetary Fund and the World Bank to develop a forward-looking debt sustainability framework for heavily indebted poor countries and low-income countries, as well as the current discussion on other initiatives aimed at ensuring long-term debt sustainability, including through debt reduction or cancellation, while stressing the need to maintain the financial integrity of the multilateral financial institutions;

6. *Stresses* the need for the World Bank and the International Monetary Fund to keep the overall implications of the framework for low-income countries under review, calls for transparency in the computation of the country policy and institutional assessments, and welcomes the intention to disclose the International Development Association country performance ratings that form part of the framework;

7. *Reaffirms* the need to pursue, where appropriate, debt relief measures vigorously and expeditiously, by all creditors, including within the Paris and London Clubs and other relevant forums, and welcomes other bilateral initiatives that have been undertaken to reduce outstanding indebtedness, so as to contribute to debt sustainability and facilitate sustainable development;

8. *Reiterates* the call upon developed countries, as expressed in the United Nations Millennium Declaration, to complete the enhanced programme of debt relief for the Heavily Indebted Poor Countries Initiative and to ensure that it is fully financed;

9. *Recognizes and encourages* the efforts of the heavily indebted poor countries, calls upon them to continue to improve their domestic policies and economic management, inter alia, through poverty reduction strategies, and to create

a domestic environment conducive to private sector development, economic growth and poverty reduction, including, inter alia, a stable macroeconomic framework, transparent and accountable systems of public finance, a sound business climate and a predictable investment climate, and in this regard invites all creditors, including both private and public creditors, to encourage those efforts, for example, through further participation in the delivery of debt relief in the framework of the enhanced Heavily Indebted Poor Countries Initiative and continued provision of adequate and sufficiently concessional financing by international financing institutions and the donor community;

10. *Stresses* the importance of continued flexibility with regard to the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative, in particular for countries in post-conflict situations, and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

11. *Also stresses* the need to find a solution for the debt problems of heavily indebted low- and middle-income developing countries that are not eligible for debt relief under the Heavily Indebted Poor Countries Initiative, and in this regard continues to encourage the exploration of mechanisms to comprehensively address the debt problems of those countries, which may include debt-for-sustainable-development swaps or multicreditor debt swap arrangements, as appropriate;

12. *Takes note* of the acceptance that the debt of some non-HIPC debtor countries is unsustainable and that prudent and appropriate steps are needed to deal with these problems, in this regard welcomes the Evian Approach of the Paris Club, and calls upon creditor countries to ensure that a more tailored response to debt restructuring is granted only in case of imminent default and is not considered by debtor countries as an alternative to more expensive sources of financing and that the debt of such countries is treated in a way that reflects their financial vulnerabilities and the objective of enhancing long-lasting debt sustainability;

13. *Invites* donor countries, taking into account country-specific debt sustainability analyses, to continue their efforts to increase bilateral grants to developing countries, which could contribute to debt sustainability in the medium to long term, recognizes the need for countries to be able to invest, inter alia, in health and education while maintaining debt sustainability, and in this regard stresses the need to take steps to ensure that resources provided for debt relief do not detract from official development assistance resources;

14. *Welcomes* the efforts of the international community to provide flexibility, and stresses the need to continue those efforts in helping post-conflict developing countries, especially those which are heavily indebted and poor, to achieve initial reconstruction for economic and social development;

15. *Acknowledges* the ongoing work towards a more comprehensive approach to sovereign debt restructuring, supports the increasing inclusion of collective action clauses in international bond issuing, and strongly encourages leading bond issuing countries and the private sector to make substantial progress on the preparation of an effective code of conduct, bearing in mind the need not to preclude emergency financing in times of crisis, to promote fair burden-sharing and to minimize moral hazard, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

16. *Welcomes* the efforts of, and further calls upon, the international community to support institutional capacity-building in developing countries and countries with economies in transition for the management of financial assets and liabilities and to enhance sustainable debt management as an integral part of national development strategies;

17. *Invites* the United Nations Conference on Trade and Development, the International Monetary Fund and the World Bank, in cooperation with the regional commissions, development banks and funds and other multilateral institutions, to continue to study the possibility of creating a consultative group on external debt management aimed at developing best practices, promoting coherence and strengthening the institutional capacity of developing countries in debt management, taking into account work that has already been done;

18. *Calls upon* all Member States as well as the United Nations system, and invites the Bretton Woods institutions as well as the private sector to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those relating to the question of the external debt problem of developing countries;

19. *Requests* the Secretary-General to submit to the General Assembly at its sixtieth session a report on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries;

20. *Decides* to include in the provisional agenda of its sixtieth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "External debt crisis and development".

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Macroeconomic policy questions: commodities

Report of the Second Committee*

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 83 (d) (see A/59/481, para. 2). Action on sub-item (d) was taken at the 31st and 40th meetings, on 10 November and 16 December 2004. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/59/SR.31 and 40).

II. Consideration of draft resolutions A/C.2/59/L.26 and A/C.2/59/L.26/Rev.1

2. At the 31st meeting, on 10 November, the representative of Qatar, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Commodities" (A/C.2/59/L.26), which read:

"*The General Assembly*,

"*Recalling* its resolution 58/204 of 23 December 2003, and stressing the urgent need to ensure its full implementation,

"*Recalling also* the United Nations Millennium Declaration adopted by heads of State and Government on 8 September 2000,

"*Recalling further* the Monterrey Consensus of the International Conference on Financing for Development,

* The report of the Committee on this item will be issued in five parts, under the symbol A/59/481 and Add.1-4.

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"*Recalling* the Plan of Implementation of the World Summit on Sustainable Development,

"*Recalling also* the Programme of Action for the Least Developed Countries for the Decade 2001-2010, and taking note of the Least Developed Countries Report, 2004,

"*Taking note* of developments in World Trade Organization negotiations, particularly on agricultural trade,

"*Taking note also* of the São Paulo Consensus adopted at the eleventh session of the United Nations Conference on Trade and Development, in particular paragraph 100 and part B of the annex,

"*Taking note further* of the report of the Trade and Development Board on its fifty-first session,

"*Recognizing* that commodity prices are an important element for heavily indebted poor countries that are dependent on commodities for maintaining long-term debt sustainability,

"*Recalling* the targets set out in the Rome Declaration on World Food Security and the Plan of Action of the World Food Summit and the outcome document of the World Food Summit: five years later, which reaffirms the pledge to end hunger and poverty,

"1. *Takes note* of the report of the Secretary-General on world commodity trends and prospects, including the fact that the real prices of many commodities remain on a declining trend;

"2. *Recognizes* that many developing countries are highly dependent on primary commodities as their principal source of export revenues, employment, income generation and domestic savings and as the driving force of investment, economic growth and social development;

"3. *Reiterates* the importance of maximizing the contribution of the commodity sector for sustained economic growth and sustainable development, while continuing diversification efforts in commodity-dependent developing countries;

"4. *Calls* upon the international community to address the loss of competitiveness and the negative commodity production and trade trends and to implement the measures necessary to improve livelihoods and food security in commodity-dependent developing countries;

"5. *Recognizes* that structural changes in international commodity markets, particularly the increasing concentration in trade and distribution, constitute new challenges for small farmers, commodity producers and exporters in developing countries;

"6. *Also recognizes* that developed countries account for two thirds of world non-fuel commodity imports, and emphasizes in this regard the crucial role developed countries have in establishing conditions in international commodity markets that are favourable to commodity-dependent developing countries;

"7. *Encourages* the relevant international organizations, including the Food and Agriculture Organization of the United Nations, the United Nations Conference on Trade and Development and others, to enhance their efforts in the development and implementation of commodity-risk-management mechanisms to address the commodity problems in developing countries;

"8. *Notes* that the supply capacity and adaptability of many countries is constrained by weak institutional and technical capacity, and calls upon developed countries and international organizations to make the necessary external resources, as well as capacity-building and institution-building support, available to those countries to further the development of their commodity sectors;

"9. *Expresses its concern* about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes, which are essential for sustainable development and for gaining access to markets for their commodities;

"10. *Notes with concern* the decrease in official development assistance to agriculture, urges the donor community to reinforce its assistance to this sector, and also urges donor countries and organizations to increase their financial and technical support for activities aimed at addressing commodity issues, in particular the needs and problems of commodity-dependent developing countries;

"11. *Recognizes* that market exigencies can constitute formidable challenges to developing country commodity producers and exporters, in particular small farmers, and urges both developed and developing countries to take all steps necessary to enable those producers to enter global supply chains and to implement measures to facilitate their effective participation in such chains, and calls upon the private sector to promote partnerships that contribute to the effective participation of small producers in supply chains;

"12. *Encourages* developing countries to formulate specific commodity policies, creating an environment that provides incentives for rural producers and small farmers as part of their national development strategies and programmes, and encourages donor countries and organizations to provide the necessary support;

"13. *Stresses* the importance of continuing the diversification of the commodity sector and enhancing its competitiveness in developing countries that are heavily dependent on commodities, and in this regard encourages donor countries and organizations to provide the necessary support;

"14. *Regrets* that schemes to mitigate earnings shortfalls are far from reaching the originally envisaged goals, and urges donor countries and organizations to support the development of operational market-friendly compensatory financing schemes;

"15. *Reiterates* the role of the United Nations Conference on Trade and Development in addressing commodities issues in a comprehensive way in accordance with relevant General Assembly resolutions and the provisions of the São Paulo Consensus, and in this regard invites the developed countries to

provide additional resources to enable the United Nations Conference on Trade and Development to undertake those activities;

"16. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to prepare, in cooperation with other relevant organizations, a comprehensive framework for action on commodity sector development, and encourages those organizations to contribute to the implementation of this framework;

"17. *Notes with concern* that the real prices of many commodities are still at historically very low levels, and requests the United Nations Conference on Trade and Development to explore ways of addressing this problem and of dealing with persistent oversupply situations through international and national actions;

"18. *Urges* those stakeholders that have expressed an interest in participating in the International Task Force on Commodities launched at the eleventh session of the United Nations Conference on Trade and Development, as well as other interested parties, to contribute financially and substantively to the effective operation of the Task Force, and encourages other donor countries and organizations to participate;

"19. *Requests* the United Nations Conference on Trade and Development to make recommendations on the establishment of a commodities diversification fund, focusing on developing private sector capacity, strengthening market institutions, developing strong producer associations for commodities with a proper role for producers, including women and small farmers, developing key infrastructure and stimulating investment;

"20. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to submit a report on the implementation of the present resolution and to report on world commodity trends and prospects to the General Assembly at its sixty-first session;

"21. *Decides* to include in the provisional agenda of its sixty-first session, under the item entitled 'Macroeconomic policy questions', the sub-item entitled 'Commodities'."

3. At the 40th meeting, on 16 December, the Committee had before it a revised draft resolution entitled "Commodities" (A/C.2/59/L.26/Rev.1), submitted by Qatar, on behalf of the States Members of the United Nations that are members of the Group of 77 and China.

4. At the same meeting, the representative of Guyana, as facilitator, orally corrected the text of draft resolution A/C.2/59/L.26/Rev.1.

5. The representative of the United States of America requested a recorded vote on operative paragraph 12 of draft resolution A/C.2/59/L.26/Rev.1.

6. Statements were made by the representatives of Qatar (on behalf of the Group of 77 and China), Benin, the United States of America, the United Republic of Tanzania and the Sudan.

7. A statement in explanation of vote before the vote was made by the representative of the Netherlands (on behalf of the European Union).

8. At the same meeting, the Committee adopted operative paragraph 12 of the draft resolution by a vote of 150 to 1, with 2 abstentions. The voting was as follows:

In favour:[1]

Afghanistan, Albania, Algeria, Andorra, Angola, Argentina, Armenia, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Belize, Benin, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Chad, Chile, China, Colombia, Conga, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Finland, France, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Ireland, Italy, Jamaica, Japan, Jordan, Kenya, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Lesotho, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malaysia, Maldives, Mali, Malta, Mexico, Micronesia (Federated States of), Monaco, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Senegal, Serbia and Montenegro, Singapore, Slovakia, Slovenia, Somalia, South Africa, Spain, Sri Lanka, Sudan, Suriname, Sweden, Switzerland, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, Uruguay, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

United States of America.

Abstaining:

Canada, Israel.

9. A statement in explanation of vote after the vote was made by the representative of Japan.

10. At the same meeting, the Committee adopted draft resolution A/C.2/59/L.26/Rev.1 as a whole without a vote (see para. 11).

[1] The delegation of Saudi Arabia subsequently indicated that, had it been present, it would have voted in favour.

III. Recommendation of the Second Committee

11. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Commodities

The General Assembly,

Recalling its resolutions 57/236 of 20 December 2002 and 58/204 of 23 December 2003, and stressing the urgent need to ensure their full implementation,

Recalling also the United Nations Millennium Declaration adopted by heads of State and Government on 8 September 2000,[1]

Taking note of the Monterrey Consensus of the International Conference on Financing for Development,[2]

Taking note also of the Plan of Implementation of the World Summit on Sustainable Development,[3]

Taking note further of the Programme of Action for the Least Developed Countries for the Decade 2001-2010[4] and the Least Developed Countries Report, 2004,[5]

Recalling the Doha work programme[6] adopted at the Fourth Ministerial Conference of the World Trade Organization, on 14 November 2001, and welcoming the decision adopted in this context by the General Council of the World Trade Organization on 1 August 2004,

Taking note of the São Paulo Consensus adopted at the eleventh session of the United Nations Conference on Trade and Development, particularly the paragraphs relating to commodities,[7]

Taking note also of the report of the Trade and Development Board on its fifty-first session,[8]

Recognizing that commodity prices are an important element for heavily indebted poor countries that are dependent on commodities for maintaining long-term debt sustainability,

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[4] See A/CONF.191/13, chap. II.

[5] United Nations publication, Sales No. E.04.II.D.27.

[6] See A/C.2/56/7, annex.

[7] TD/412, part II.

[8] A/59/15 (Part V). For the final text, see *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 15*.

Taking note of the targets set out in the Rome Declaration on World Food Security and the Plan of Action of the World Food Summit[9] and the outcome document of the World Food Summit: five years later,[10] which reaffirms the pledge to end hunger and poverty,

Recognizing that structural changes in international commodity markets, particularly the increasing concentration in trade and distribution, constitute new challenges for small farmers, commodity producers and exporters in developing countries,

Expressing its concern about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes, which are essential for sustainable development and for attaining access to markets for their commodities,

1. *Takes note* of the report of Secretary-General on world commodity trends and prospects,[11] including the fact that while prices have improved for some commodities, the real prices of others remain on a declining trend;

2. *Recognizes* that many developing countries are highly dependent on primary commodities as their principal source of export revenues, employment, income generation and domestic savings and as the driving force of investment, economic growth and social development;

3. *Reiterates* the importance of maximizing the contribution of the commodity sector to sustained economic growth and sustainable development, while continuing diversification efforts in commodity-dependent developing countries;

4. *Emphasizes* the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

5. *Reaffirms* that each country has primary responsibility for its own economic and social development, and recognizes that an effective enabling environment at the national and international levels entails, inter alia, a sound macroeconomic framework, competitive markets, clearly defined property rights, an attractive investment climate, good governance, an absence of corruption and well-designed regulatory policies that protect the public interest and generate public confidence in market operations;

6. *Encourages* developing countries, with the necessary support of donor countries and the international community, to formulate specific commodity policies so as to contribute to the facilitation of trade expansion, the reduction of vulnerability and the improvement of livelihood and food security, by:

(a) Creating an enabling environment that encourages the participation of rural producers and small farmers;

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[9] Food and Agriculture Organization of the United Nations, *Report of the World Food Summit, 13-17 November 1996* (WFS 96/REP), part one, appendix.

[10] Ibid., *Report of the World Food Summit: five years later, 10-13 June 2002*, part one, appendix; see also A/57/499, annex.

[11] A/59/304.

(b) Continuing the diversification of the commodity sector and enhancing its competitiveness in developing countries that are heavily dependent on commodities;

(c) Increasing technology development and improving information systems, institutions and human resources;

7. *Notes* that the supply capacity and adaptability of many countries is constrained by weak institutional and technical capacity, and invites the international community to support commodity-dependent developing countries in addressing the loss of competitiveness and negative commodity production and trade trends and in taking the measures necessary to improve livelihoods and food security in commodity-dependent developing countries by supporting the design and implementation of commodity chain strategies, and welcomes initiatives taken in this regard;

8. *Emphasizes* the importance of official development assistance for agriculture and rural development, and invites developing countries to prioritize agriculture and rural development in their national development strategies and programmes, inter alia, in the New Partnership for Africa's Development, and in this regard invites developed countries and the donor community to further reinforce their assistance to those sectors in developing countries by providing financial and technical support for activities aimed at addressing commodity issues, particularly the needs and problems of commodity-dependent developing countries;

9. *Welcomes* the decision taken by the members of the World Trade Organization on 1 August 2004, and stresses the importance of a successful conclusion of the Doha work programme;[6]

10. *Reiterates* the importance of expanded South-South trade and investment in commodities;

11. *Recalls* the potential of regional integration and cooperation to improve the effectiveness of traditional commodity sectors and support diversification efforts;

12. *Calls upon* developed countries that have not already done so to work towards the objective of providing duty-free and quota-free market access for all least developed country products, and encourages developing countries in a position to do so to contribute to improved market access for the least developed countries;

13. *Recognizes* that developed countries account for two thirds of world non-fuel commodity imports, and expresses the urgent need for supportive international policies and measures to improve the functioning of the commodity markets through efficient and transparent price-formation mechanisms, including commodity exchanges, and through the use of viable and effective commodity price risk-management instruments;

14. *Also recognizes* that market exigencies can constitute formidable challenges to developing country commodity producers and exporters, in particular small farmers, and urges both developing and developed countries to take appropriate steps to enable those producers to enter global supply chains and to facilitate their effective participation in supply chains, and invites the private sector to promote partnerships that contribute to the effective participation of small producers in supply chains;

15. *Encourages* the United Nations Conference on Trade and Development, the Food and Agriculture Organization of the United Nations, the World Bank and other relevant international organizations, within their respective mandates, to enhance their efforts to facilitate access to market-based instruments, with prudential oversight for managing commodity risks due to price fluctuation and natural disasters, so as to address the commodity problems in developing countries;

16. *Regrets* that schemes to mitigate earnings shortfalls have not reached the originally envisaged goals, and urges Governments and invites international financial organizations to continue to assess the effectiveness, including the operationalization and user-friendliness, of the systems for compensatory financing of shortfalls in export earnings, and in this regard stresses the importance of empowering developing country commodity producers to insure themselves against risk, including natural disasters;

17. *Reiterates* the role of the United Nations Conference on Trade and Development in addressing commodities issues in a comprehensive way in accordance with relevant General Assembly resolutions and the provisions of the São Paulo Consensus,[7] and in this regard invites development partners to provide the resources required to enable the United Nations Conference on Trade and Development to undertake those activities;

18. *Notes with concern* that the real prices of some commodities are still on a declining trend, and requests the United Nations Conference on Trade and Development and the Food and Agriculture Organization of the United Nations, within their respective mandates, to explore appropriate ways of addressing this problem and identifying best practices for dealing with persistent oversupply situations;

19. *Calls upon* the United Nations Conference on Trade and Development to continue to work, in cooperation with all interested stakeholders, including donor countries and organizations, for the effective operation of the International Task Force on Commodities launched at the eleventh session of the United Nations Conference on Trade and Development, and invites interested parties to provide voluntary financial support for its effective operation;

20. *Underlines* the need to strengthen the Common Fund for Commodities and encourages it, in cooperation with the International Trade Centre UNCTAD/WTO, the United Nations Conference on Trade and Development and other relevant bodies, to continue to strengthen the activities covered by its Second Account in developing countries with its supply chain concept of improving access to markets and reliability of supply, enhancing diversification and addition of value, improving the competitiveness of commodities, strengthening the market chain, improving market structures, broadening the export base and ensuring the effective participation of all stakeholders;

21. *Invites* all relevant stakeholders, including the United Nations Conference on Trade and Development, the Common Fund for Commodities and the Food and Agriculture Organization of the United Nations, within their respective mandates, and other donors to intensify their support for the financing of commodity diversification, focusing on developing private sector capacity, strengthening market institutions, developing strong producer associations for

commodities with a proper role for producers, including women and small farmers, developing key infrastructure and stimulating investments;

22. *Requests* the Secretary-General of the United Nations, in collaboration with the Secretariat of the United Nations Conference on Trade and Development, to report on the implementation of the present resolution and to report on world commodity trends and prospects to the General Assembly at its sixty-first session;

23. *Decides* to include in the provisional agenda of its sixty-first session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "Commodities".

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Follow-up to and implementation of the outcome of the International Conference on Financing for Development

Report of the Second Committee

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

I. Introduction

1. At its 2nd plenary meeting, on 17 September 2004, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-ninth session the item entitled "Follow-up to and implementation of the outcome of the International Conference on Financing for Development" and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 10th, 11th, 12th, 17th, 18th and 40th meetings on 13, 14, 20, 27 October and 16 December 2004. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/59/SR.10, 11, 12, 17, 18 and 40). Attention is also drawn to the general debate held by the Committee at its 2nd to 8th meetings, from 4 to 6 and on 12 October 2004 (see A/C.2/59/SR.2-8).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Report of the Secretary-General on the follow-up to and implementation of the outcome of the International Conference on Financing for Development (A/59/270);

(b) Note by the Secretary-General on innovative sources of financing for development (A/59/272);

(c) Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization (A/59/92-E/2004/73);

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(d) Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization: informal hearings of civil society on financing for development (A/59/92/Add.1-E/2004/73/Add.1);

(e) Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization: informal hearings of the business sector on financing for development (A/59/92/Add.2-E/2004/73/Add.2);

(f) Letter dated 22 June 2004 from the Permanent Representatives of Qatar to the United Nations addressed to the Secretary-General transmitting the Ministerial Declaration adopted on the occasion of the special ministerial meeting to commemorate the fortieth anniversary of the establishment of the Group of 77 (A/59/115);

(g) Letter dated 15 July 2004 from the Permanent Representatives of Canada and Mexico to the United Nations addressed to the Secretary-General (A/59/155-E/2004/96);

(h) Letter dated 1 October 2004 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General transmitting the final communiqué of the annual coordination meeting of Ministers for Foreign Affairs of the States members of the Organization of the Islamic Conference (A/59/425-S/2004/808);

(i) Letter dated 15 October 2004 from the Permanent Representative of Qatar to the United Nations addressed to the Secretary-General transmitting the Ministerial Declaration of the twenty-eighth meeting of Ministers for Foreign Affairs of the Group of 77 (A/59/450).

4. At the 10th meeting, on 13 October, the Under-Secretary-General for Economic and Social Affairs, the Director of the Financing for Development Office of the Department of Economic and Social Affairs, the Rector of the United Nations University and the Deputy Director of the World Institute for Development Economics Research made introductory statements (see A/C.2/59/SR.10).

5. At the same meeting, the Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States made a statement (ibid.).

6. Also at the same meeting, in accordance with the provisions of General Assembly resolution 58/316 of 1 July 2004, the Committee held a dialogue with the substantive representatives, during which comments were made and questions were posed by the representatives of the Netherlands, the United Kingdom of Great Britain and Northern Ireland, Cameroon, Egypt, Chile, France, Morocco, Lebanon and the United States of America, as well as by the representative of the World Bank (ibid.).

7. At the same meeting, the Under-Secretary-General for Economic and Social Affairs, the Director of the Financing for Development Office, the Rector of the United Nations University and the Deputy Director of the World Institute for Development Economics Research responded (ibid.).

II. Consideration of proposals

A. Draft resolutions A/C.2/59/L.4 and A/C.2/59/L.69

8. At the 16th meeting, on 20 October, the representative of Qatar (on behalf of the Group of 77 and China) introduced a draft resolution entitled "Follow-up to and implementation of the outcome of the International Conference on Financing for Development" (A/C.2/59/L.4). The draft resolution read:

"*The General Assembly*,

"*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002 and 58/230 of 23 December 2003, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003 and 2004/64 of 16 September 2004,

"*Taking note* of the report of the Secretary-General on follow-up to and implementation of the International Conference on Financing for Development, prepared in collaboration with the major institutional stakeholders, and the note by the Secretary-General on innovative sources of financing for development,

"*Having considered* the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization, held in New York on 26 April 2004,

"*Determined* to continue to implement and build further on the commitments made and agreements reached at the International Conference on Financing for Development and to strengthen the coordinated and coherent engagement of all relevant stakeholders in the financing for development process,

"*Reiterating* the invitation to the World Trade Organization to strengthen its institutional relationship with the United Nations, particularly in the context of the follow-up to the International Conference on Financing for Development,

"*Welcoming* international efforts aimed at identifying innovative and additional sources for financing development,

"*Welcoming with satisfaction* in this regard the initiative launched by the Presidents of Brazil, France and Chile and the President of the Government of Spain, with the support of the Secretary-General, to convene in New York on 20 September 2004 a meeting of world leaders on action against hunger and poverty, and the resulting New York Declaration, which has been supported by 109 countries,

"*Recognizing* the link between financing for development and the achievement of the Millennium Development Goals,

"1. *Reiterates* the call to implement fully and build further on the commitments made and agreements reached at the International Conference on Financing for Development;

"2. *Underlines*, in order to complement national development efforts, the importance of the full implementation of the commitment to enhance further the coherence and consistency of international monetary, financial and trading systems, and in this context requests the Secretary-General to keep the actions taken under review;

"3. *Stresses* the importance of the full involvement of all relevant stakeholders in the implementation of the Monterrey Consensus of the International Conference on Financing for Development at all levels, and stresses also the importance of their full participation in the Monterrey follow-up process, in accordance with the rules of procedure of the United Nations and established modalities;

"4. *Requests* the Secretary-General to consult with the Director-General of the World Trade Organization in order to build on the ad hoc modality of interaction between the United Nations and the World Trade Organization in the preparations for the International Conference on Financing for Development and to propose possible modalities to strengthen this relationship, including the participation of the United Nations in discussions of issues related to financing for development held under the auspices of the World Trade Organization;

"5. *Recognizes* the issues of particular concern to developing countries acknowledged by world leaders in paragraph 28 of the Monterrey Consensus, and the importance and critical role that a universal, rule-based, open, non-discriminatory and equitable trading system would play in stimulating economic growth and development, particularly in the case of the developing countries where trade continues to be one of the most important sources of development financing, and in this regard, while welcoming the decision taken by the General Council of the World Trade Organization on 1 August 2004, stresses the need to retain the development dimension in the negotiations, as mandated by the Doha work programme;

"6. *Underlines* the need to consider the establishment of innovative financial mechanisms for financing development, as appropriate, to support the efforts of developing countries to achieve sustained economic growth and sustainable development;

"7. *Decides* to give further consideration to possible innovative sources of financing for development, including financing for the fight against hunger and poverty, during the fifty-ninth session of the General Assembly, building in particular on the discussions initiated at the meeting of world leaders, with a view to feeding into the high-level plenary meeting of the General Assembly to be held at the commencement of the sixtieth session of the Assembly pursuant to resolution 58/291 of 6 May 2004, and in this regard requests the Economic and Social Council to consider the issue of innovative sources of financing for development at its meetings to be held in 2005, including its high-level spring meeting;

"8. *Reaffirms* the need to adopt policies and undertake measures to reduce the cost of transferring migrant remittances to developing countries;

"9. *Notes* that, while foreign direct investment is a major source of financing development, the flow of such funds to developing countries remains uneven, and in this regard calls upon developed countries to consider ways and means to stimulate source country measures to promote the flow of foreign direct investment in order to complement the domestic efforts made by developing countries to create a conducive environment for attracting investment;

"10. *Expresses concern* about the insufficient levels of official development assistance which are below the internationally agreed target of 0.7 per cent of gross national product, urges the developed countries to fulfil this target as soon as possible, and in this regard calls for enhanced and predictable aid flows to ensure the sustainability of the development efforts of developing countries;

"11. *Stresses* that debt relief must play a key role in achieving the Millennium Development Goals and that the definition and calculation of debt sustainability should relate to the capacity of a country to achieve its development goals; and stresses also the need to recognize the country-specific character of sustainability, to apply greater case-by-case flexibility in the setting and implementation of thresholds and to consider debt scenarios in the face of possible external shocks, while linking debt policy more closely with growth and development, as recognized by the International Monetary Fund and the World Bank;

"12. *Notes* the lack of sufficient progress in the heavily indebted poor country process dealing with the debt of low-income countries, and in this regard welcomes the proposals put forward calling for significant increases in grants and debt relief, including those that would provide up to 100 per cent debt relief from the international financial institutions;

"13. *Expresses concern* that the issue of strengthening the voice and effective participation of developing countries in the decision-making processes of the Bretton Woods institutions and the World Trade Organization has not yet been adequately addressed, and in this regard invites these institutions to continue to examine this issue through the implementation of the principles of full and equal participation in their respective decision-making processes;

"14. *Emphasizes* that corruption at all levels is a serious barrier to development and to effective resource mobilization and allocation, reaffirms the commitment expressed in the Monterrey Consensus to make the fight against corruption at all levels a priority, encourages all Governments to combat corruption, bribery, money-laundering and the transfer of illicitly acquired funds and assets and to work for the return of such funds and assets to the countries of origin, and welcomes the action taken in that regard at the national and international levels;

"15. *Decides* to consider, by the first part of 2005, the appropriate modalities for holding the high-level dialogue on financing for development,

taking into account developments in the preparations for the high-level event of the General Assembly to be held in 2005;

"16. *Decides also* to consider at the high-level dialogue on financing for development in 2005 the timing and modalities for a follow-up conference to review the implementation of the Monterrey Consensus, as called for in paragraph 73 of the Consensus;

"17. *Emphasizes* the need for an effective intergovernmental follow-up mechanism for the International Conference on Financing for Development, and in this regard decides to consider the creation of an intergovernmental, geographically balanced committee for the effective follow-up of the Monterrey process;

"18. *Requests* the Economic and Social Council to explore the adoption of a multi-year programme of work for its high-level spring meeting;

"19. *Decides* to include in the provisional agenda for the sixtieth session of the General Assembly the item entitled "Follow-up to and implementation of the outcome of the International Conference on Financing for Development", and requests the Secretary-General to submit under this item an annual analytical assessment of the state of implementation of the Monterrey Consensus and of the present resolution, to be prepared in full collaboration with the major institutional stakeholders."

9. At the 40th meeting, on 16 December, the Vice-Chairman of the Committee, Antonio Bernardini (Italy), introduced a draft resolution entitled "Follow-up to and implementation of the outcome of the International Conference on Financing for Development" (A/C.2/59/L.69), which he submitted on the basis of informal consultations held on draft resolution A/C.2/59/L.4.

10. At the same meeting the representative of Cameroon, as facilitator, made the following oral revisions to the draft resolution:

(a) In *operative paragraph 5*, before the words "the decision taken by the General Council", the words "while welcoming" were replaced by the word "welcomes";

(b) At the beginning of *operative paragraph 17*, the words "*Reiterates* the commitment" were replaced by the word "*Decides*".

11. At the same meeting, the Committee adopted draft resolution A/C.2/59/L.69 as orally revised (see para. 13).

12. In the light of the adoption of draft resolution A/C.2/59/L.69, draft resolution A/C.2/50/L.4 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

13. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Follow-up to and implementation of the outcome of the International Conference on Financing for Development

The General Assembly,

Recalling the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003, 57/272 and 57/273 of 20 December 2002 and 58/230 of 23 December 2003, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003 and 2004/64 of 16 September 2004,

Taking note of the report of the Secretary-General on follow-up to and implementation of the International Conference on Financing for Development, prepared in collaboration with the major institutional stakeholders,[1] and the note by the Secretary-General on innovative sources of financing for development,[2]

Having considered the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization, held in New York on 26 April 2004,[3]

Recognizing the progress made in the implementation of the commitments made and agreements reached at the International Conference on Financing for Development and that more remains to be done,

Determined to continue to implement and build further on these commitments and agreements and to strengthen the coordinated and coherent engagement of all relevant stakeholders in the financing for development process,

Recalling the invitation to the World Trade Organization to strengthen its institutional relationship with the United Nations, in the context of the follow-up to the International Conference on Financing for Development,

Noting international efforts, contributions and discussions aimed at identifying possible innovative and additional sources of financing for development from all sources, public and private, domestic and external, within the follow-up to the International Conference on Financing for Development, recognizing that some of such sources and their use fall within the realm of sovereign action,

Welcoming in this regard the initiative launched by the Presidents of Brazil, France and Chile and the President of the Government of Spain, with the support of the Secretary-General, to convene in New York on 20 September 2004 a meeting of world leaders on action against hunger and poverty,

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[1] A/59/270.

[2] A/59/272.

[3] A/59/92-E/2004/73.

Noting the report of the Commission on the Private Sector and Development entitled *Unleashing Entrepreneurship: Making Business Work for the Poor*,[4]

Noting also the ongoing analysis by the World Bank and the International Monetary Fund, mentioned in the communiqué of the Development Committee of 2 October 2004, of proposals on financing modalities to complement increased aid flows and commitments with innovative mechanisms, and their technical feasibility,

Welcoming the support of Member States for the Financing for Development Office for organizing multi-stakeholder consultations within its mandate, and in accordance with resolution 58/230,

Recognizing the strong link between financing for development and the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration,[5]

1. *Reiterates* the call to implement fully and build further on the commitments made and agreements reached at the International Conference on Financing for Development;

2. *Stresses* the importance of the full involvement of all relevant stakeholders in the implementation of the Monterrey Consensus of the International Conference on Financing for Development[6] at all levels, and stresses also the importance of their full participation in the Monterrey follow-up process, in accordance with the rules of procedure of the United Nations, in particular the accreditation procedures and modalities of participation utilized at the Conference and in its preparatory process;

3. *Underlines*, in accordance with the Monterrey Consensus:

(a) The importance of the implementation of the commitment to sound policies, good governance at all levels and the rule of law;

(b) The importance of the implementation of the commitment to create an enabling environment for mobilizing domestic resources and the importance of sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure as a basis for sustained economic growth, poverty eradication and employment creation;

(c) The importance, in order to complement national development efforts, of the implementation of the commitment to enhance the coherence and consistency of international monetary, financial and trading systems;

4. *Requests* the Secretary-General to consult with the Director-General of the World Trade Organization in order to expand existing cooperation between the two organizations on issues related to financing for development and to build on the ad hoc modality of interaction between the United Nations and the World Trade Organization in the preparations for the International Conference on Financing for Development by making better use of the possibilities offered by the existing framework of cooperation;

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[4] See http://www.undp.org/cpsd.

[5] See resolution 55/2.

[6] See *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication Sales No. E.02.II.A.7).

5. *Recognizes* the issues of particular concern to developing countries and countries with economies in transition acknowledged in paragraph 28 of the Monterrey Consensus, and the importance and critical role that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can play in stimulating economic growth and development, benefiting countries at all stages of development, particularly in the case of the developing countries, where trade continues to be one of the most important sources of development financing, and in this regard welcomes the decision taken by the General Council of the World Trade Organization on 1 August 2004, which rededicates and recommits members to fulfilling the development dimensions of the Doha Development Agenda,[7] which places the needs of developing and least developed countries at the heart of the Doha work programme;

6. *Notes* the recognition by the World Bank and the International Monetary Fund of the need to pursue efforts to increase fiscal space for public infrastructure investment within limits of fiscal prudence and debt sustainability;

7. *Decides* to give further consideration to the subject of possible innovative and additional sources of financing for development from all sources, public and private, domestic and external, taking into account international efforts, contributions and discussions, within the overall inclusive framework of the follow-up to the International Conference on Financing for Development;

8. *Acknowledges* the role that the private sector can play in generating new financing for development, and stresses the importance of pursuing appropriate policy and regulatory frameworks at the national level, in a manner consistent with national laws, to foster a dynamic and well-functioning business sector to increase economic growth and reduce poverty, while recognizing that the appropriate role of Government in market-oriented economies will vary from country to country;

9. *Reaffirms* the need to adopt policies and undertake measures to reduce the cost of transfer of migrant remittances to developing countries, and welcomes efforts by Governments and stakeholders in this regard;

10. *Notes* that while foreign direct investment is a major source of financing development, the flow of such funds to developing countries and countries with economies in transition remains uneven, and in this regard calls on developed countries to continue to devise source-country measures to encourage and facilitate the flow of foreign direct investment, inter alia, through the provision of export credits and other lending instruments, risk guarantees and business development services, and calls upon developing countries and countries with economies in transition to continue their efforts to create a conducive domestic environment for attracting investments by, inter alia, achieving a transparent, stable and predictable investment climate with proper contract enforcement and respect for property rights;

11. *Recalls* the commitments made at the International Conference on Financing for Development to increase the levels and effectiveness of official development assistance, in this regard welcomes the recent increase in official development assistance, which represents progress towards the target of 0.7 per cent of gross national product, as well as the progress announced by some countries, including in some cases the setting of clear timetables to achieve this objective,

[7] See A/C.2/56/7, annex.

urges developed countries that have not yet done so to make concrete efforts towards the target of 0.7 per cent of gross national product as official development assistance to developing countries, and 0.15 to 0.20 per cent of gross national product of developed countries to least developed countries, and encourages developing countries to continue to build on progress achieved in ensuring that official development assistance is used effectively to help achieve development goals and targets;

12. *Notes* the efforts of donor countries and recipient countries to improve aid effectiveness, based on national development needs and priorities, including through sound policies at all levels, and stresses the need to intensify the efforts of multilateral and bilateral financial and development institutions in accordance with the Monterrey Consensus;

13. *Stresses* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with poverty eradication, achieving sustained economic growth and sustainable development, as well as in the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration;[5] in this regard, notes with concern that, in spite of some progress, some countries that have reached the completion point of the Heavily Indebted Poor Countries Initiative have not been able to achieve lasting debt sustainability, and stresses the importance of promoting responsible lending and borrowing and the need to help these countries manage their borrowings and avoid a build-up of unsustainable debt, including through the use of grants; and in this regard welcomes the ongoing work by the International Monetary Fund and the World Bank to develop a forward-looking debt sustainability framework for heavily indebted poor countries and low-income countries, as well as the current discussion on other initiatives aimed at ensuring long-term debt sustainability, including through debt reduction or cancellation, while stressing the need to maintain the financial integrity of the multilateral financial institutions;

14. *Stresses also* the importance of advancing in the efforts to reform the international financial architecture, as envisaged in the Monterrey Consensus, and in this regard encourages the International Monetary Fund and the World Bank to continue examining the issues of the voice and effective participation of developing countries and countries with economies in transition in their decision-making processes;

15. *Emphasizes* that corruption at all levels is a serious barrier to development and to effective resource mobilization and allocation, reaffirms the commitment expressed in the Monterrey Consensus to make the fight against corruption at all levels a priority, welcomes actions taken in that regard at the national and international levels, and invites all Governments that have not yet done so to sign and ratify the United Nations Convention against Corruption;[8]

16. *Decides* to consider, by the first part of 2005, the appropriate modalities for holding the high-level dialogue on financing for development, taking into account developments in the preparation for the high-level event of the General Assembly to be held in 2005, and in this context stresses the importance of financing for development for the comprehensive review of the progress made in the

[8] Resolution 58/4, annex.

implementation of the Millennium Declaration and the outcomes of the major United Nations conferences and summits in the economic, social and related fields;

17. *Decides* to consider in 2005 the timing and modalities for a follow-up conference to review the implementation of the Monterrey Consensus, as called for in paragraph 73 of the Consensus;

18. *Emphasizes* the importance of an effective intergovernmental follow-up to the International Conference on Financing for Development, in that regard recalls paragraph 69 of the Monterrey Consensus as well as resolution 58/230, reiterates the need to continue to explore ways of strengthening the follow-up, and decides to keep the issue under review;

19. *Decides* to include in the provisional agenda for the sixtieth session of the General Assembly the item entitled "Follow-up to and implementation of the outcome of the International Conference on Financing for Development", and requests the Secretary-General to submit under this item an annual analytical assessment of the state of implementation of the Monterrey Consensus and of the present resolution, to be prepared in full collaboration with the major institutional stakeholders.

United Nations A/59/483

General Assembly

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Fifty-ninth session
Agenda item 85

Sustainable development

Report of the Second Committee*

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

I. Introduction

1. At its 2nd and 62nd plenary meetings, on 15 September and 30 November 2004, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-ninth session the item entitled:

> "Sustainable development:
>
> "(a) Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development;
>
> "(b) Further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States;
>
> "(c) International Strategy for Disaster Reduction;
>
> "(d) Protection of global climate for present and future generations of mankind;
>
> "(e) Implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa;
>
> "(f) Convention on Biological Diversity;
>
> "(g) United Nations Decade of Education for Sustainable Development;
>
> "(h) Rendering assistance to the poor mountain countries to overcome obstacles in socio-economic and ecological areas"

and to allocate it to the Second Committee.

* The report of the Committee on this item will be issued in nine parts, under the symbol A/59/483 and Add.1-8.

04-65132 (E) 181204

2. The Second Committee considered the item at its 14th to 18th and 39th meetings, on 18, 19, 20 and 27 October and on 14 December 2004. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/59/SR.14-18 and 39). Attention is also drawn to the general debate held by the Committee at its 2nd to 8th meetings, on 4, 5, 6 and 12 October (see A/C.2/59/SR.2-8). An account of the Committee's further consideration of the item will be provided in the addenda to the present report, as follows:

Sub-item	*Addendum*
(a)	1
(b)	2
(c)	3
(d)	4
(e)	5
(f)	6
(g)	7
(h)	8

3. For its consideration of the item, the Committee had before it the following documents:

Item 85
Sustainable development

Report of the Governing Council of the United Nations Environment Programme at its eighth special session[1]

Report of the Secretary-General on products harmful to health and the environment (A/59/81-E/2004/63)

Report of the Secretary-General on establishing universal membership for the Governing Council/Global Ministerial Environment Forum of the United Nations Environment Programme (A/59/262)

Letter dated 22 June 2004 from the Permanent Representative of Qatar to the United Nations addressed to the Secretary-General transmitting the ministerial declaration adopted by the Member States of the Group of 77 and China (A/59/115)

Letter dated 15 July 2004 from the Permanent Representative of the Lao People's Democratic Republic to the United Nations addressed to the Secretary-General (A/59/158)

(a) Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development

Report of the Secretary-General on the activities undertaken during the International Year of Freshwater, 2003, and further efforts to achieve the sustainable development of water resources (A/59/167)

[1] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 25* (A/59/25).

Report of the Secretary-General on the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development (A/59/220)

(b) Further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

Report of the Secretary-General on promoting an integrated management approach to the Caribbean Sea area in the context of sustainable development (A/59/173)

(c) International Strategy for Disaster Reduction

Report of the Secretary-General on the implementation of the International Strategy for Disaster Reduction (A/59/228)

(d) Protection of global climate for present and future generations of mankind

( )

(e) Implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa

(f) Convention on Biological Diversity

Note by the Secretary-General transmitting reports on the implementation of United Nations environmental conventions (A/59/197)

(g) United Nations Decade of Education for Sustainable Development

( )

(h) Rendering assistance to the poor mountain countries to overcome obstacles in socio-economic and ecological areas

No advance documentation was submitted under sub-items (g) and (h).

4. At the 14th meeting, on 18 October, introductory statements were made by the Executive Director of the United Nations Environment Programme, as well as the Under-Secretary-General for Economic and Social Affairs (under sub-items (a) and (b)), the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator (under sub-item (c)), the Executive Secretary of the United Nations Framework Convention on Climate Change (under sub-item (d)), the Executive Secretary of the United Nations Convention to Combat Desertification (under sub-item (e)), the Executive Secretary of the United Nations Convention on Biological Diversity (under sub-item (f)) and the Assistant Secretary-General for Education of the United Nations Educational, Scientific and Cultural Organization (under sub-item (g)) (see A/C.2/59/SR.14).

5. At the same meeting, pursuant to section C, paragraph 3 (d), of the annex to General Assembly resolution 58/316 of 1 July 2004, the Committee held a dialogue with the officials listed above during which comments were made and questions were posed by the representatives of Antigua and Barbuda, Croatia, Iran (Islamic

Republic of Iran), Nigeria, South Africa and Venezuela (Bolivarian Republic of) (see A/C.2/59/SR.14).

6. Also at the same meeting, the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States made a statement (see A/C.2/59/SR.14).

II. Consideration of draft resolutions A/C.2/59/L.16 and A/C.2/59/L.62

7. At the 18th meeting, on 27 October, the representative of Qatar, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Report of the Governing Council of the United Nations Environment Programme at its eighth special session" (A/C.2/59/L.16), which read:

"*The General Assembly*,

"*Recalling* its resolutions 2997 (XXVII) of 15 December 1972, 53/242 of 28 July 1999, 56/193 of 21 December 2001, 57/251 of 20 December 2002 and 58/209 of 23 December 2003,

"*Taking into account* Agenda 21 and the Plan of Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation'),

"*Reaffirming* the role of the United Nations Environment Programme as the principal body within the United Nations system in the field of environment, which should take into account, within its mandate, the sustainable development needs of developing countries as well as countries with economies in transition,

"*Recalling* the need to enhance the provisions of the Johannesburg Plan of Implementation concerning support for capacity-building in developing countries,

"*Conscious* of the need to ensure that capacity-building and technology support to developing countries in environment-related fields remain important components of the mandate of the United Nations Environment Programme,

"*Noting* the ongoing work of the high-level open-ended intergovernmental working group to prepare an intergovernmental strategic plan for technology support and capacity-building,

"*Recalling* its resolutions 57/251 and 58/209, by which Member States were encouraged to submit their comments on the important but complex issue of establishing universal membership of the Governing Council of the United Nations Environment Programme before the sixtieth session of the General Assembly,

"1. *Takes note* of the report of the Governing Council of the United Nations Environment Programme on its eighth special session and the decisions contained therein;

"2. *Calls upon* developed countries to positively and meaningfully engage in the negotiations of the intergovernmental strategic plan for technology support and capacity-building, with a view to adopting, at the twenty-third session of the Governing Council of the United Nations Environment Programme, in February 2005, an action-oriented plan with a specific timetable and sufficient resources for its implementation, and requests the relevant United Nations programmes and the Global Environment Facility to cooperate positively in its implementation;

"3. *Notes* the differences in the views expressed so far on the important but complex issue of establishing universal membership of the Governing Council/Global Ministerial Environment Forum, and encourages Member States that have not yet done so, the Governing Council and the relevant bodies of the United Nations system to submit their comments, in a timely manner, on the issue, in order to contribute to the report of the Secretary-General to be submitted to the General Assembly during the sixty-first session;

"4. *Calls upon* the United Nations Environment Programme to continue to contribute, within its mandate and as a member of the inter-agency task force, to the preparations for the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, which is to be held in Mauritius, from 10 to 14 January 2005;

"5. *Takes note* of the decision of the Governing Council to consider the issue of the location of the secretariat of the Environment Management Group at its twenty-third session in February 2005;

"6. *Welcomes* the decision of the Governing Council to discuss at its twenty-third session the issues related to domestic, industrial and hazardous waste management, in particular regarding capacity-building and technology transfer and to consider innovative ways of mobilizing financial resources to support the efforts of developing countries in this area;

"7. *Reiterates* the need for stable, adequate and predictable financial resources for the United Nations Environment Programme, and in this regard requests the Secretary-General to consider increased financial allocations to the Environment Programme from the United Nations regular budget;

"8. *Invites* Governments in a position to do so to increase their contributions to the Environment Fund to enable the United Nations Environment Programme to discharge its mandate effectively;

"9. *Requests* the Secretary-General to keep the resource needs of the United Nations Environment Programme and the United Nations Office at Nairobi under review so as to permit the delivery, in an effective manner, of necessary services to the Environment Programme and the other United Nations organizations and bodies in Nairobi."

8. At the 39th meeting, on 14 December, the Vice-Chairman of the Committee, Ewa Anzorge (Poland), introduced and orally corrected a draft resolution entitled "Report of the Governing Council of the United Nations Environment Programme on its eighth special session" (A/C.2/59/L.62), which she submitted on the basis of informal consultations held on draft resolution A/C.2/59/L.16.

9. At the same meeting, the Committee adopted draft resolution A/C.2/59/L.62, as orally corrected (see para. 11).

10. In the light of the adoption of draft resolution A/C.2/59/L.62, draft resolution A/C.2/59/L.16 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

11. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Report of the Governing Council of the United Nations Environment Programme on its eighth special session

The General Assembly,

Recalling its resolutions 2997 (XXVII) of 15 December 1972, 53/242 of 28 July 1999, 56/193 of 21 December 2001, 57/251 of 20 December 2002 and 58/209 of 23 December 2003,

Taking into account Agenda 21[1] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[2]

Reaffirming the role of the United Nations Environment Programme as the principal body within the United Nations system in the field of environment, which should take into account, within its mandate, the sustainable development needs of developing countries as well as countries with economies in transition,

Recalling also the provisions of the Johannesburg Plan of Implementation on the full implementation of the outcomes of the decision on international environmental governance adopted by the Governing Council of the United Nations Environment Programme at its seventh special session,

Reiterating the need to ensure that capacity-building and technology support to developing countries, as well as countries with economies in transition, in environment-related fields, remain important components of the work of the United Nations Environment Programme, and noting in this regard the ongoing work of the High-level Open-ended Intergovernmental Working Group to prepare an intergovernmental strategic plan for technology support and capacity-building,

Recalling its resolutions 57/251 and 58/209, by which Member States, the Governing Council and the relevant bodies of the United Nations system were encouraged to submit their comments, in a timely manner, on the important but complex issue of establishing universal membership of the Governing Council/Global Ministerial Environment Forum, including its legal, political, institutional, financial and system-wide implications, in order to contribute to the report of the Secretary-General to be submitted to the General Assembly for consideration before its sixtieth session,

1. *Takes note* of the report of the Governing Council of the United Nations Environment Programme on its eighth special session and the decisions contained therein;[3]

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[1] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex II.

[2] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[3] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 25* (A/59/25).

2. *Also takes note* of the report of the Secretary-General submitted pursuant to its resolutions 57/251 and 58/209;[4]

3. *Notes* that the Governing Council of the United Nations Environment Programme, at its eighth special session, discussed all components of the recommendations on international environmental governance, as contained in decision SS.VII/1 of the Governing Council,[5] and notes their continued discussion scheduled by the Governing Council for its twenty-third session;

4. *Emphasizes* the need for the United Nations Environment Programme, within its mandate, to further contribute to sustainable development programmes, the implementation of Agenda 21[1] and the Johannesburg Plan of Implementation[2] at all levels and to the work of the Commission on Sustainable Development, bearing in mind the mandate of the Commission on Sustainable Development;

5. *Calls upon* all countries to further engage in the negotiations for an intergovernmental strategic plan for technology support and capacity-building with a view to its adoption at the twenty-third session of the Governing Council of the United Nations Environment Programme, in February 2005;

6. *Notes* the differences in the views expressed so far on the important but complex issue of establishing universal membership for the Governing Council/Global Ministerial Environment Forum and also notes the upcoming consideration of the question of universal membership by the Council/Forum at its twenty-third session; encourages Member States, the Governing Council and the relevant bodies of the United Nations system that have not yet done so to submit their comments to the Secretariat on the important but complex issue of establishing universal membership for the Governing Council/Global Ministerial Environment Forum, including its legal, political, institutional, financial and system-wide implications, as their contribution to the report of the Secretary-General; and requests the Secretary-General to submit a report incorporating those views to the Assembly for consideration at its sixty-first session;

7. *Emphasizes* the need to further enhance coordination and cooperation among the relevant United Nations organizations in the promotion of the environmental dimension of sustainable development, and in this respect welcomes the continued participation of the United Nations Environment Programme in the United Nations Development Group;

8. *Calls upon* the United Nations Environment Programme to continue to contribute, within its mandate and as a member of the Inter-Agency Task Force, to the preparations for the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, to be held in Mauritius from 10 to 14 January 2005;[6]

9. *Notes* the decision of the Governing Council to discuss at its twenty-third session issues related to domestic, industrial and hazardous waste management, in particular regarding capacity-building and technology support, and, in that context, to consider innovative ways of mobilizing financial resources from all appropriate

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[4] A/59/262.

[5] See *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 25* (A/57/25), annex I.

[6] See resolution 57/262.

sources to support the efforts of developing countries and countries with economies in transition in this area;

10. *Also notes* the decision of the Governing Council to review at its twenty-third session the implementation of the conclusions and recommendations contained in the report of the intergovernmental consultation on the strengthening of the scientific base of the United Nations Environment Programme;

11. *Reiterates* the need for stable, adequate and predictable financial resources for the United Nations Environment Programme and, in accordance with Assembly resolution 2997 (XXVII) of 15 December 1972, underlines the need to consider the adequate reflection of all administrative and management costs of the Environment Programme in the context of the United Nations regular budget;

12. *Welcomes* the progress made in the implementation of the provisions of section III.B. of the appendix to decision SS.VII/1 of the Governing Council on strengthening the role and financial situation of the United Nations Environment Programme, including the significant broadening of the donor base and increasing total contributions to the Environment Fund, and, in this regard, notes that the Governing Council will review the implementation of those provisions at its twenty-third session;

13. *Requests* the Secretary-General to keep the resource needs of the United Nations Environment Programme and the United Nations Office at Nairobi under review so as to permit the delivery, in an effective manner, of necessary services to the Environment Programme and the other United Nations organs and organizations in Nairobi.

United Nations A/59/483/Add.1

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Fifty-ninth session
Agenda item 85 (a)

Sustainable development: implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development

Report of the Second Committee*

Rapporteur: Mr. Azanaw Tadesse **Abreha** (Ethiopia)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 85 (see A/59/483). Action on sub-item (a) was taken at the 18th and 37th meetings, on 27 October and 3 December 2004. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/59/SR.18 and 37).

II. Consideration of proposals

A. Draft resolutions A/C.2/59/L.6 and A/C.2/59/L.57

2. At the 18th meeting, on 27 October, the representative of Qatar (on behalf of the Group of 77 and China) introduced a draft resolution (A/C.2/59/L.6) entitled "Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development", which read:

> "*The General Assembly*,
>
> "*Recalling* its resolution 55/199 of 20 December 2000, 56/226 of 24 December 2001, 57/253 of 20 December 2002 and 57/270 A and B of 20 December 2002 and 23 June 2003 respectively, as well as its resolution 58/218 of 23 December 2003,

* The report of the Committee on this item will be issued in nine parts, under the symbol A/59/483 and Add.1-8.

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"*Recalling also* the Rio Declaration on Environment and Development, Agenda 21, the Programme for the Further Implementation of Agenda 21, the Johannesburg Declaration on Sustainable Development and the Plan of Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation'),

"*Reaffirming* the commitment to implement Agenda 21, the Programme for the Further Implementation of Agenda 21, the Johannesburg Plan of Implementation, including the time-bound goals and targets, and the other internationally agreed development goals, including those contained in the United Nations Millennium Declaration,

"*Reaffirming also* the continuing need to ensure a balance between economic development, social development and environmental protection as interdependent and mutually reinforcing pillars of sustainable development,

"*Stressing* that eradicating poverty, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are overarching objectives of and essential requirements for sustainable development,

"*Recognizing* that good governance at all levels is essential for sustainable development,

"*Noting* that the Commission on Sustainable Development at its twelfth session undertook an in-depth evaluation of progress in implementing Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, focusing on the thematic clusters of water, sanitation and human settlements, and identified best practices, constraints and obstacles in the process of implementation,

"*Recalling* Economic and Social Council resolution 2003/61, in which the Council endorsed the proposal of the Commission on Sustainable Development at its eleventh session that the Commission's policy sessions take policy decisions on practical measures and options to expedite implementation in the selected thematic cluster of water, sanitation and human settlements, that the discussions of the intergovernmental preparatory meeting be based on the outcome of the review session, reports of the Secretary-General as well as other relevant inputs, and that, on the basis of those discussions, the chair of the thirteenth session of the Commission prepare a draft negotiating document for consideration at the policy session,

"1. *Takes note* of the report of the Secretary-General on the activities undertaken in the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development;

"2. *Calls upon* Governments, all relevant international and regional organizations, the Economic and Social Council, the United Nations funds and programmes, regional commissions and specialized agencies, the international financial institutions, the Global Environment Facility and the other intergovernmental organizations, in accordance with their respective mandates, as well as major groups, to take action to ensure the effective implementation of and follow-up to the commitments, programmes and time-bound targets

adopted at the World Summit on Sustainable Development, and encourages them to report on concrete progress made in that regard;

"3. *Calls for* the implementation of the commitments, programmes and time-bound targets adopted at the Summit and, to that end, for the fulfilment of the provisions relating to the means of implementation, as contained in the Johannesburg Plan of Implementation;

"4. *Encourages* Governments to participate at the appropriate level with representatives from the relevant departments and agencies working in the areas of water, sanitation and human settlements in the intergovernmental preparatory meeting and the thirteenth session of the Commission on Sustainable Development;

"5. *Welcomes* the contributions of the regional commissions to the work of the Commission at its twelfth session, including the regional meetings focusing on the thematic cluster of water, sanitation and human settlements, and their inputs to the reports of the Secretary-General;

"6. *Invites* donor countries to continue to support the participation of experts from the developing countries in the areas of water, sanitation and human settlements at the thirteenth session of the Commission;

"7. *Takes note with appreciation* of the establishment by the Secretary-General of the Advisory Board on Water and Sanitation, which should contribute to the mobilization of efforts and resources towards the implementation of the commitments, goals and targets agreed upon in those areas;

"8. *Requests* the Secretary-General, in reporting to the Commission at its thirteenth session on the state of implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, with appropriate input from all levels, to submit thematic reports on each of the three issues, namely, water, sanitation and human settlements, taking into account their interlinkages while addressing the cross-cutting issues identified by the Commission at its eleventh session;

"9. *Requests* the Commission, in accordance with General Assembly resolution 47/191 of 22 December 1992 and other relevant resolutions, to consider at its thirteenth session policy options in the cross-cutting issues related to the thematic cluster of water, sanitation and human settlements, including in particular progress in the means of implementation, notably financial resources, capacity-building and technology transfer;

"10. *Takes note* of the report of the Secretary-General on inter-agency cooperation, and requests him to continue his efforts to strengthen system-wide inter-agency cooperation and coordination for the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, and in this regard to submit a report on such inter-agency coordination activities and their terms of reference for consideration by the Economic and Social Council in 2005, through the Commission on Sustainable Development;

"11. *Requests* the chair of the Commission on Sustainable Development to transmit the outcome of the thirteenth session of the Commission, through the Economic and Social Council, to those bodies making preparations for the 2005 major event to review the implementation of the United Nations Millennium Declaration and the outcomes of major United Nations conferences and summits;

"12. *Requests* the secretariat of the Commission on Sustainable Development to make the arrangements necessary to ensure the balanced representation of major groups from developed and developing countries in the sessions of the Commission;

"13. *Welcomes* the convening of the second international expert meeting on a ten-year framework of programmes for sustainable consumption and production, to be held in Costa Rica in September 2005, and in this regard urges developed countries, while acknowledging their ongoing support, to continue and increase their support for those activities;

"14. *Decides* to include in the provisional agenda of its sixtieth session the item entitled 'Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development', and requests the Secretary-General, at that session, to submit a report on the implementation of the present resolution."

3. In introducing the draft resolution, the representative of Qatar orally revised operative paragraph 9 by replacing the words "and other relevant resolutions" with the words "and the decisions of the eleventh session of the Commission on Sustainable Development" after the words "22 December 1992".

4. Subsequently, Afghanistan, Algeria, Andorra, Angola, Argentina, Armenia, Austria, Azerbaijan, Bolivia, Brunei Darussalam, Burkina Faso, Chile, China, the Congo, Costa Rica, Croatia, Cyprus, the Czech Republic, Denmark, El Salvador, Eritrea, Ethiopia, Finland, France, Germany, Greece, Guatemala, Guyana, Haiti, Hungary, Ireland, Italy, Jamaica, Japan, Kenya, the Lao People's Democratic Republic, Lesotho, Lithuania, Luxembourg, Malta, the Marshall Islands, Mexico, Monaco, Mongolia, Morocco, Myanmar, Namibia, Nepal, the Netherlands, the Niger, Nigeria, Panama, Papua New Guinea, Peru, the Philippines, Poland, Portugal, the Republic of Korea, the Republic of Moldova, Samoa, San Marino, Saudi Arabia, Senegal, Serbia and Montenegro, Slovenia, Solomon Islands, Somalia, South Africa, Spain, Sri Lanka, Sweden, Timor-Leste, Togo, Uganda, Ukraine, the United Kingdom of Great Britain and Northern Ireland and the United States of America joined in sponsoring draft resolution A/C.2/59/L.6.

5. At the 37th meeting, on 3 December, the Vice-Chairman of the Committee, Ewa Anzorge (Poland), introduced a draft resolution (A/C.2/59/L.57) entitled "Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development", which she submitted on the basis of informal consultations held on draft resolution A/C.2/59/L.6.

6. At the same meeting, the Committee adopted draft resolution A/C.2/59/L.57 (see para. 13, draft resolution I).

7. In the light of the adoption of draft resolution A/C.2/59/L.57, draft resolution A/C.2/59/L.6 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/59/L.15 and A/C.2/59/L.52

8. At the 18th meeting, on 27 October, the representative of Tajikistan, on behalf of Belarus, Cambodia, Côte d'Ivoire, Iran (Islamic Republic of), Kazakhstan, Kyrgyzstan, Mali, Mauritius, the Russian Federation, Singapore, Tajikistan, Turkmenistan and Uzbekistan, introduced a draft resolution (A/C.2/59/L.15) entitled "Activities undertaken during the International Year of Freshwater, 2003, and further efforts to achieve the sustainable development of water resources", which read:

"*The General Assembly*,

"*Recalling* its resolution 55/196 of 20 December 2000, by which it proclaimed 2003 the International Year of Freshwater, and its resolution 58/217 of 23 December 2003, by which it proclaimed that the International Decade for Action, 'Water for Life', 2005-2015, would commence on World Water Day, 22 March 2005,

"*Emphasizing* that water is critical for sustainable development, including environmental integrity and the eradication of poverty and hunger, and is indispensable for human health and well-being,

"*Recalling* the provisions of Agenda 21, the Programme for the Further Implementation of Agenda 21 adopted at its nineteenth special session, the Plan of Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation') and the decisions of the Economic and Social Council and of the Commission on Sustainable Development at its sixth session relating to freshwater,

"*Reaffirming* the internationally agreed development goals on water and sanitation, including those contained in the Millennium Declaration, and determined to achieve the goal to halve, by 2015, the proportion of people who are unable to reach or to afford safe drinking water, and the goals set out in the Johannesburg Plan of Implementation to halve the proportion of people without access to basic sanitation as well as develop integrated water resources management and water efficiency plans by 2005,

"*Recalling* the Ministerial Declaration, entitled 'Message from Lake Biwa and the Yodo River Basin', adopted on 23 March 2003 at the Ministerial Conference of the Third World Water Forum, held in Kyoto, Japan, and the Dushanbe Water Appeal, proclaimed on 1 September 2003 at the International Freshwater Forum, held in Dushanbe from 29 August to 1 September 2003,

"*Welcoming* the decision of the Secretary-General to establish an Advisory Board on Water and Sanitation, consisting of eminent persons with expertise in the field, to raise awareness and help mobilize resources for achieving the internationally agreed water and sanitation goals and targets,

"1. *Takes note* of the report of the Secretary-General;

"2. *Welcomes* the activities undertaken by the Member States, the United Nations Secretariat, the organizations of the United Nations system and the major groups that were engaged in inter-agency work related to freshwater for the observance of the International Year of Freshwater, 2003;

"3. *Welcomes also* the partnership initiatives on water and water management that have been launched, and invites further initiatives in this regard;

"4. *Encourages* Member States, the Secretariat, organizations of the United Nations system and major groups to continue their efforts to achieve the internationally agreed water-related goals contained in Agenda 21, the Programme for the Further Implementation of Agenda 21, the Millennium Declaration and the Johannesburg Plan of Implementation, and, as appropriate, those identified during the twelfth and at the upcoming thirteenth sessions of the Commission on Sustainable Development;

"5. *Invites* the Secretary-General to take appropriate actions in organizing the activities of the Decade, taking into account the results of the International Year of Freshwater and the work of the Commission on Sustainable Development at its twelfth and thirteenth sessions;

"6. *Calls upon* the relevant United Nations bodies, the specialized agencies, regional commissions and other organizations of the United Nations system to step up their efforts to deliver a coordinated response in order to make the International Decade for Action 'Water for Life', 2005-2015 a decade of delivering promises through the efficient utilization of existing resources and by seeking additional funding through the voluntary contributions of Member States;

"7. *Requests* the Secretary-General to submit to the General Assembly at its sixtieth session a report on the implementation of the present resolution."

9. Subsequently, Romania and Switzerland joined in sponsoring the draft resolution.

10. At the 37th meeting, on 3 December, the Vice-Chairman of the Committee, Ewa Anzorge (Poland), introduced a draft resolution (A/C.2/59/L.52) entitled "Activities undertaken during the International Year of Freshwater, 2003, preparations for the International Decade for Action, 'Water for Life', 2005-2015, and further efforts to achieve the sustainable development of water resources", which she submitted on the basis of informal consultations held on draft resolution A/C.2/59/L.15.

11. At the same meeting, the Committee adopted draft resolution A/C.2/59/L.52 (see para. 13, draft resolution II).

12. In the light of the adoption of draft resolution A/C.2/59/L.52, draft resolution A/C.2/59/L.15 was withdrawn by its sponsors.

III. Recommendations of the Second Committee

13. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development

The General Assembly,

Recalling its resolutions 55/199 of 20 December 2000, 56/226 of 24 December 2001, 57/253 of 20 December 2002 and 57/270 A and B of 20 December 2002 and 23 June 2003, respectively, as well as its resolution 58/218 of 23 December 2003,

Recalling also the Rio Declaration on Environment and Development,[1] Agenda 21,[2] the Programme for the Further Implementation of Agenda 21,[3] the Johannesburg Declaration on Sustainable Development[4] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[5]

Reaffirming the commitment to implement Agenda 21, the Programme for the Further Implementation of Agenda 21, the Johannesburg Plan of Implementation, including the time-bound goals and targets, and the other internationally agreed development goals, including those contained in the United Nations Millennium Declaration,[6]

Recalling the outcomes of the major United Nations conferences and summits, including the Monterrey Consensus of the International Conference on Financing for Development, [7]

Reaffirming the continuing need to ensure a balance between economic development, social development and environmental protection as interdependent and mutually reinforcing pillars of sustainable development,

Reaffirming also that eradicating poverty, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are overarching objectives of and essential requirements for sustainable development,

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[1] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex I.

[2] Ibid., annex II.

[3] Resolution S-19/2, annex.

[4] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex.

[5] Ibid., resolution 2, annex.

[6] See resolution 55/2.

[7] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

Recognizing that good governance within each country and at the international level is essential for sustainable development,

Noting with satisfaction that the Commission on Sustainable Development at its twelfth session undertook an in-depth evaluation of progress in implementing Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, focusing on the thematic cluster of issues on water, sanitation and human settlements, and identified best practices, constraints and obstacles in the process of implementation,[8]

Noting that the organization of work of the twelfth session of the Commission included plenary sessions, an interactive plenary dialogue and regional meetings, as well as a partnership fair, learning centres and side events,

Recalling the decision of the Commission at its eleventh session,[9] endorsed by the Economic and Social Council in its resolution 2003/61 of 25 July 2003, that the Commission, at its policy sessions, to be held in April/May of the second year of the cycle, would take policy decisions on practical measures and options to expedite implementation in the selected thematic cluster of issues, taking account of the discussions of the intergovernmental preparatory meeting, the reports of the Secretary-General and other relevant inputs,

Recalling also the decision of the Commission at its eleventh session that the discussions of the intergovernmental preparatory meeting would be based on the outcome of the review session and reports of the Secretary-General, as well as other relevant inputs, and that, on the basis of those discussions, the Chair would prepare a draft negotiating document for consideration at the policy session,

Looking forward to the upcoming cycles of the work programme of the Commission as adopted at its eleventh session and their contributions to the further implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development,

1. *Takes note* of the report of the Secretary-General[10] on the activities undertaken in the implementation of Agenda 21,[2] the Programme for the Further Implementation of Agenda 21[3] and the outcomes of the World Summit on Sustainable Development;

2. *Reiterates* that sustainable development is a key element of the overarching framework for United Nations activities, in particular for achieving the internationally agreed development goals, including those contained in the United Nations Millennium Declaration[6] and in the Johannesburg Plan of Implementation;[5]

3. *Calls upon* Governments, all relevant international and regional organizations, the Economic and Social Council, the United Nations funds and programmes, the regional commissions and specialized agencies, the international financial institutions, the Global Environment Facility and other intergovernmental organizations, in accordance with their respective mandates, as well as major groups, to take action to ensure the effective implementation of and follow-up to the commitments, programmes and time-bound targets adopted at the World Summit on

[8] See *Official Records of the Economic and Social Council, 2004, Supplement No. 9* (E/2004/29).
[9] Ibid., *2003, Supplement No. 9* (E/2003/29), chap. I, sect. A.
[10] A/59/220.

Sustainable Development and encourages them to report on concrete progress in that regard;

4. *Calls for* the implementation of the commitments, programmes and time-bound targets adopted at the Summit and, to that end, for the fulfilment of the provisions relating to the means of implementation, as contained in the Johannesburg Plan of Implementation;

5. *Encourages* Governments to participate, at the appropriate level, with representatives from the relevant departments and agencies in water, sanitation and human settlements, as well as finance, in the intergovernmental preparatory meeting and the thirteenth session of the Commission on Sustainable Development;

6. *Recalls* the decision of the Commission at its eleventh session to invite the regional commissions, in collaboration with the secretariat of the Commission, to consider organizing regional implementation meetings in order to contribute to the work of the Commission, and in this regard urges the regional commissions to take into account the relevant thematic clusters contained in the Commission's programme of work and to provide inputs as specified by the Commission at its eleventh session;

7. *Recalls also* the decision of the Commission at its eleventh session that activities during Commission meetings should provide for the balanced involvement of participants from all regions, as well as for gender balance;

8. *Welcomes* the contributions of the regional commissions to the work of the Commission at its twelfth session, including the regional meetings focusing on the thematic cluster of issues on water, sanitation and human settlements, and their inputs to the reports of the Secretary-General;

9. *Invites* donor countries to consider supporting the participation of experts from developing countries in the areas of water, sanitation and human settlements in the thirteenth session of the Commission;

10. *Takes note with interest* of the establishment of the Advisory Board on Water and Sanitation by the Secretary-General, and looks forward to its contribution to the mobilization of efforts and resources towards the implementation of the commitments, goals and targets agreed upon in these areas;

11. *Requests* the Secretary-General, in reporting to the Commission at its thirteenth session on the state of implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, on the basis of appropriate inputs from all levels, to submit thematic reports on each of the three issues contained in the thematic cluster of issues on water, sanitation and human settlements, taking into account their interlinkages, while addressing the cross-cutting issues identified by the Commission at its eleventh session;

12. *Requests* the Commission, in accordance with General Assembly resolution 47/191 of 22 December 1992 and as specified by the Commission at its eleventh session, to examine the cross-cutting issues related to the thematic cluster of issues on water, sanitation and human settlements;

13. *Stresses* the importance of the success of the Commission at its thirteenth session in:

(a) Taking policy decisions on practical measures and options to expedite implementation in the thematic cluster of issues on water, sanitation and human settlements;

(b) Mobilizing further action by all implementation actors to overcome obstacles and constraints in the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation;

14. *Takes note* of the report of the Secretary-General on inter-agency cooperation[11] and requests him to continue his efforts to strengthen system-wide inter-agency cooperation and coordination for the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, and in this regard to report on such inter-agency cooperation and coordination activities and their terms of reference to the Economic and Social Council in 2005;

15. *Recalls* its resolution 58/291 of 6 May 2004 and Economic and Social Council resolutions 2004/44 of 22 July 2004 and 2004/63 of 23 July 2004, and in this regard requests the Commission, without prejudice to the decisions adopted at its eleventh session, to contribute through the Council to the high-level plenary meeting of the General Assembly in 2005, in accordance with the modalities to be set out by the Assembly at its fifty-ninth session;

16. *Requests* the secretariat of the Commission to make arrangements to facilitate the balanced representation of major groups from developed and developing countries in the sessions of the Commission;

17. *Notes* the convening of the second international expert meeting on a ten-year framework of programmes for sustainable consumption and production, to be held in Costa Rica in September 2005, and in this regard urges Member States, while acknowledging their ongoing support, to consider further support for those activities;

18. *Encourages* Governments and organizations at all levels, as well as major groups, including the scientific community and educators, to undertake results-oriented initiatives and activities to support the work of the Commission and to promote and facilitate the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation, including through voluntary multi-stakeholder partnership initiatives;

19. *Decides* to include in the provisional agenda of its sixtieth session the item entitled "Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development", and requests the Secretary-General, at that session, to submit a report on the implementation of the present resolution.

[11] E/2004/12-E/CN.17/2004/3.

Draft resolution II

Activities undertaken during the International Year of Freshwater, 2003, preparations for the International Decade for Action, "Water for Life", 2005-2015, and further efforts to achieve the sustainable development of water resources

The General Assembly,

Recalling its resolution 55/196 of 20 December 2000, by which it proclaimed 2003 the International Year of Freshwater, and its resolution 58/217 of 23 December 2003, by which it proclaimed that the International Decade for Action, "Water for Life", 2005-2015, would commence on World Water Day, 22 March 2005,

Emphasizing that water is critical for sustainable development, including environmental integrity and the eradication of poverty and hunger, and is indispensable for human health and well-being,

Recalling the provisions of Agenda 21,[1] the Programme for the Further Implementation of Agenda 21 adopted at its nineteenth special session,[2] the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation")[3] and the decisions of the Economic and Social Council and of the Commission on Sustainable Development at its sixth session[4] relating to freshwater,

Reaffirming the internationally agreed development goals on water and sanitation, including those contained in the Millennium Declaration,[5] and determined to achieve the goal to halve, by 2015, the proportion of people who are unable to reach or to afford safe drinking water, and the goals set out in the Johannesburg Plan of Implementation to halve the proportion of people without access to basic sanitation as well as develop integrated water resources management and water efficiency plans by 2005, with support to developing countries,

Taking note of the Ministerial Declaration, entitled "Message from Lake Biwa and the Yodo River Basin", adopted on 23 March 2003 at the Ministerial Conference of the Third World Water Forum, held in Kyoto, Japan,[6] and the Dushanbe Water Appeal, proclaimed on 1 September 2003 at the International Freshwater Forum, held in Dushanbe from 29 August to 1 September 2003,[7]

Taking note also of the Fourth World Water Forum, which will take place in Mexico in March of 2006,

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[1] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex II.

[2] Resolution S-19/2, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigenda), chap. I, resolution 2, annex.

[4] See *Official Records of the Economic and Social Council, 1998, Supplement No. 9* (E/1998/29).

[5] See resolution 55/2.

[6] A/57/785, annex.

[7] A/58/362, annex.

Taking note with interest of the establishment of the Advisory Board on Water and Sanitation by the Secretary-General,[8] and looking forward to its contribution to the mobilization of efforts and resources towards the implementation of the commitments, goals and targets agreed upon in those areas,

1. *Takes note* of the report of the Secretary-General;[9]

2. *Welcomes* the activities related to freshwater undertaken by the Member States, the United Nations Secretariat and the organizations of the United Nations system, inter alia, through inter-agency work as well as contributions from major groups, for the observance of the International Year of Freshwater, 2003;

3. *Encourages* Member States, the Secretariat, organizations of the United Nations system and major groups to continue their efforts to achieve the internationally agreed water-related goals contained in Agenda 21,[1] the Programme for the Further Implementation of Agenda 21,[2] the Millennium Declaration[5] and the Johannesburg Plan of Implementation;[3]

4. *Welcomes* the work of the twelfth session of the Commission on Sustainable Development, and looks forward to the upcoming thirteenth session of the Commission on the thematic cluster of issues on water, sanitation and human settlements;

5. *Invites* the Secretary-General to take appropriate actions in organizing the activities of the Decade, taking into account the results of the International Year of Freshwater and the work of the Commission on Sustainable Development at its twelfth and thirteenth sessions;

6. *Calls upon* the relevant United Nations bodies, the specialized agencies, regional commissions and other organizations of the United Nations system to step up their efforts to deliver a coordinated response in order to make the International Decade for Action, "Water for Life", 2005-2015, a decade of delivering promises through the use of existing resources and voluntary funds;

7. *Notes with interest* the partnership initiatives on water and sanitation undertaken within the framework of the World Summit on Sustainable Development process and its follow-up and in accordance with the criteria and guidelines adopted by the Commission on Sustainable Development at its eleventh session;

8. *Requests* the Secretary-General to report to the General Assembly at its sixtieth session on the implementation of the present resolution, as well as on the activities planned by the Secretary-General and other relevant organizations of the United Nations system for the International Decade for Action, "Water for Life", 2005-2015;

9. *Decides* to consider, at its sixtieth session, the future arrangements for the review of the implementation of the Decade, including the possibility of review on a biennial or triennial basis or a mid-term review.

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[8] See A/59/167, para. 42.

[9] A/59/167.